

**2020/2021–  
2022/2023 DRAFT  
ANNUAL BUDGET  
AND MEDIUM -  
TERM REVENUE  
AND EXPENDITURE  
FRAMEWORK  
(MTREF)**

## CONTACT INFORMATION

<b>Mr. W.J KHUMALO</b> <b>MUNICIPAL MANAGER</b>	<b>Telephone Number: 013 759 2040</b> <b>Fax Number: 013 759 2274</b> <b>Email: <a href="mailto:Wiseman.khumalo@mbombela.gov.za">Wiseman.khumalo@mbombela.gov.za</a></b>
<b>Ms Z.P MALAZA</b> <b>CHIEF FINANCIAL OFFICER</b>	<b>Telephone Number: 013 759 9060</b> <b>Fax Number: 013 759 9055</b> <b>Email: <a href="mailto:Zanele.malaza@mbombela.gov.za">Zanele.malaza@mbombela.gov.za</a></b>
<b>Ms. D N SIBANYONI</b> <b>SENIOR MANAGER – FINANCIAL</b> <b>PLANNING AND BUDGETING</b>	<b>Telephone Number: 013 759 9143</b> <b>Fax Number: 013 759 9055</b> <b>E-mail: <a href="mailto:delight.sibanyoni@mbombela.gov.za">delight.sibanyoni@mbombela.gov.za</a></b>
<b>Mr. S F DLAMINI</b> <b>CHIEF ACCOUNTANT – BUDGET AND</b> <b>REPORTING</b>	<b>Telephone Number: 013 759 9249</b> <b>Fax Number: 013 759 9055</b> <b>Email: <a href="mailto:sabelo.dlamini@mbombela.gov.za">sabelo.dlamini@mbombela.gov.za</a></b>
<b>Ms. T M KGOTSE</b> <b>SECRETARY – OFFICE OF THE CHIEF</b> <b>FINANCIAL OFFICER</b>	<b>Telephone Number: 013 759 2005</b> <b>Fax Number: 013 759 9055</b> <b>Email: <a href="mailto:tebogo.kgotse@mbombela.gov.za">tebogo.kgotse@mbombela.gov.za</a></b>

## TABLE OF CONTENTS

### **PART 1 – ANNUAL BUDGET ..... 6**

<u>1.1</u>	<u>MAYOR'S REPORT</u> .....	6
<u>1.2</u>	<u>COUNCIL RESOLUTIONS</u> .....	6
<u>1.3</u>	<u>EXECUTIVE SUMMARY</u> .....	11
<u>1.4</u>	<u>OPERATING REVENUE FRAMEWORK</u> .....	21
<u>1.5</u>	<u>OPERATING EXPENDITURE FRAMEWORK</u> .....	25
<u>1.6</u>	<u>CAPITAL EXPENDITURE</u> .....	31
<u>1.7</u>	<u>ANNUAL BUDGET TABLES - PARENT CITY</u> .....	45

### **PART 2 – SUPPORTING DOCUMENTATION ..... 64**

<u>2.1</u>	<u>OVERVIEW OF THE ANNUAL BUDGET PROCESS</u> .....	64
<u>2.2</u>	<u>OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP</u> .....	68
<u>2.3</u>	<u>MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS</u> .....	78
<u>2.4</u>	<u>OVERVIEW OF BUDGET RELATED-POLICIES</u> .....	82
<u>2.5</u>	<u>OVERVIEW OF BUDGET ASSUMPTIONS</u> .....	96
<u>2.6</u>	<u>OVERVIEW OF BUDGET FUNDING</u> .....	99
<u>2.7</u>	<u>BUDGET SUPPORTING ABLE</u> .....	104
<u>2.8</u>	<u>LEGISLATION COMPLIANCE STATUS</u> .....	131
<u>2.9</u>	<u>MUNICIPAL MANAGERS' QUALITY CERTIFICATION</u> .....	134

## **ABBREVIATIONS, ACRONYMS AND DEFINITIONS**

**COGTA** – Department of Co-operative Governance and Traditional Affairs

**CPI** – Consumer Price Index

**DORA** – Division of Revenue Act

**EPWP** – Expanded Public Works Programmes

**GDP** - Gross Domestic Product

**GRAP** – Generally Recognised Accounting Practices

**IDP** – Integrated Development Plan.

**INEPG** – Integrated National Electrification Program Grant

**MFMA** – Municipal Finance Management Act, 56 of 2003

**MIG** – Municipal Infrastructure Grant

**MPRA** – Municipal Property Rates Act, 06 of 2004

**MSA** – Municipal Systems Act, 32 of 2000

**MDTG** – Municipal Demarcation Transition Grant

**MTREF** – Medium-term Revenue and Expenditure Framework

**WSIG** – Water Services Infrastructure Grant

**MWIG** – Municipal Water Infrastructure Grant

**NDPG** – Neighbourhood Development Program Grant

**NERSA** – National Electricity Regulator of South Africa

**NT** – National Treasury

**PT** – Provincial Treasury

**PTISG** – Public Transport Infrastructure Systems Grant

**SDBIP** – Service Delivery and Budget Implementation Plan

**The Act** – Refers to the Municipal Finance Management Act, 56 of 2003

**Adjustment Budgets** – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a City may revise its budget during a financial year.

**Equitable Share** – A general grant paid to municipalities.

**Operational Expenditure** – Spending on the day to day expenses of the City such as general expenses, salaries and wages, and repairs and maintenance.

**Rates** – Local Government tax based on assessed valuation of a property.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of the City for a specific period.

**Capital Expenditure** – Spending on municipal assets such as property, plant and equipment's. Any capital expenditure must be reflected as an asset on a City's balance sheet.

# **PART 1 – ANNUAL BUDGET**

2020/2021 Draft Municipal budget speech by the Honourable Executive Mayor of the City of Mbombela Municipality

## **1.1 MAYOR’S REPORT**

**The Honourable Speaker of council, Cllr M. GS Siwela**

**Honourable Chief Whip of Council, Cllr M. Nsimbini**

**Honourable Party Whips**

**Honourable Councillors through the teleconferencing facility**

**The City Manager**

**Senior Management of the municipality**

Good Day

Honourable Speaker, we are convening this sitting under trying conditions and at a period unprecedented in the history of this country and our city. A situation that was last experienced over 100 years ago during the Spanish influenza in 1918 where people perished in millions globally due to the pandemic of that time.

The speed at which this global pandemic called COVID-19 (Coronavirus) has prompted our government to act swiftly and declared a state of Disaster and subsequently called for a National 21-Days Lockdown in an effort to flatten the curve hence the manner in which we have convened this important sitting. We would like to appeal to all citizens to behave responsibly during this time so that we can all collectively fight the scourge.

May I, Honourable Speaker indicate that such a decision wasn't easy as it has far reaching implications to our economy and the livelihoods of ordinary South Africans but it had to be taken, painful as it is, so as to stop the spread of the virus through the interactions amongst people. As of the beginning of the week (yesterday), the COVID-19 pandemic statistics were at 1 187 infections with 2 deaths recorded. If we embrace these measures and adhere to the regulations as set out, we can defeat the pandemic.

South Africa is currently faced with numerous micro and macro-economic challenges which affect the growth of the country. South Africa was measured on Stage 2, which is efficiency driven economy on the global competitiveness index.

Our country as well as other developed countries strive to focus on the four pillars which are:

- 1) economic growth,
- 2) employment
- 3) low and stable price inflation
- 4) foreign sector stability

Economic growth can be measured by the Gross Domestic Product (GDP). The GDP growth rate is forecasted at 0.9 percent in 2020, 1.3 percent in 2021 and 1.6 percent in 2022. Gross domestic product (GDP) is the total value of all final goods and services produced in an economy in a one-year period. It is measured by various expenditure categories which are:

1. Consumption
2. Investment
3. Government spending
4. Net Exports , (which is spending on exports minus spending on imports)

South Africa unemployment rate is 29,1 % which is a huge concern. South Africa's credit rating has also been downgraded to "junk" status. The Ba1 status was based on the structurally weak growth and the deteriorating fiscal ability. This would have come at the worst possible time during the 21 days national lockdown period as the country is in a battle trying to contain the spread of the COVID-19 pandemic as mentioned above. South Africa's biggest economic risk is Eskom with ongoing problems as the utility's operations continue to disrupt the supply of electricity to households and businesses.

The City is also faced with many domestic challenges over and above the macro economic challenges. The persistent cash flow constraints continues to limit the extent to which the city can implement service delivery to our communities.

The draft budget has factored a number of these dynamics throughout the medium term period.

The City is faced with a significant reduction on its grants allocations over the medium term period. The affected grant is mainly the Public Transport Network Grant which has not been gazetted throughout the medium term, however the City is engaging the National Department of Transport in order to source a plan to continue with the projects affected.

The consumer price inflation is projected to be within the South African Reserve Bank target band of 3 – 6 percent in 2020/2021 financial year.

## **DRAFT 2020/2021 – 2022/2023 BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK**

The total budget for 2020/2021 financial year will amount to R3, 5 billion for both the Operating and Capital expenditure budgets.

The operating expenditure budget will therefore amount to R3, 078 billion while the capital expenditure budget will amount to R438 million for 2020/2021 financial year.

The operating revenue budget will amount to R3 099 billion.

The operating budget will be used to fund the following key operational expenditure projects:

1. Bulk electricity and water cost has been budgeted for R831 million
2. A total amount of R21 million has been budgeted for the war on water leaks project over the medium term as the we try to minimize water losses especially given the drought situation experienced in other parts of the City
3. In line with the cost curtailment regulations, the contracted services will be limited to existing contracts while we maximize the use of internal human capital to minimize costs. The budget for contracted services is projected at R315 million
4. Provision of free basic services to the qualifying indigent customers has also been provided for the budget year.

### **Capital Expenditure Budget**

To enhance and fast track service delivery provision and also in responding to the needs raised by our communities, the following capital projects has been budgeted:

1. Provision of a 132kv Msholozhi (Mbombela) Bulk Supply, a budget of R19 million has been allocated for the medium term period.
2. Electrification of various townships including but not limited to Emjindini trust, Ext 17, Msholozhi, Mlambongwana, Matsafeni etc has been budgeted for a total amount of R20 million for the 2020/2021 financial year and R44 million over the medium term period.

3. A budget provision for R10 million has been made for high mast lights in various wards
4. An amount of R28 million has been budgeted for water reticulation projects for Nsikazi North, Nsikazi South and Phumlani for the 2020/2021 financial year.
5. To address the sewer spillages in uMjindi, an amount of R6 million has been budgeted for the Refurbishment Umjindi Waste Water Treatment Works.
6. An amount of R7 million has been allocated for the Refurbishment and Upgrade of Rocky's Drift Waste Water Treatment Works and for Mhlume Sewer Reticulation
7. An amount of R30 million has been budgeted for the Entokozweni sewer reticulation project over the medium term.
8. An amount of R23 million has been budgeted for the Mountain View road upgrade project over the medium term.
9. The City has been allocated with the Regional Bulk Infrastructure Grant (RBIG) amounting to R231 million to continue with the Nsikazi North Bulk Water Supply Phase 2 project. This is an endeavor to ensure that our communities continue to access 24 hours water supply in future.

To this end, Honourable Speaker we are therefore proposing the aforesaid draft budget to the adopted to be approved by Council

**I Thank You**

## 1.2 COUNCIL RESOLUTIONS

### A(2). FINANCIAL MANAGEMENT: REPORT ON THE DRAFT 2020/2021–2022/2023 BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

The Executive Mayor, Councillor S P Mathonsi, informed Council that all inputs by Councillors on the draft budget would be discussed at the planned workshops per region, including the projects. The 2020/2021 Draft Integrated Development Plan (IDP) and draft budget would also be displayed on the municipality's website

Councillor T Marshall indicated that the DA had raised the following concerns on the draft budget with the Executive Mayor:

- The impact of the Covid-19 pandemic on the financial situation of the municipality
- The additional costs of the City of Mbombela changing to a Grade 6 municipality
- The recommendations by the Auditor-General on the municipality's approach to the budget, to address matters such as the inflated cash collection rate, inadequate provision for maintenance of infrastructure, upgrading of existing assets and a zero based budget, has not been considered.

Councillor Marshall then said that, due to the above inputs, the DA supported the draft budget with reservations

The Executive Mayor indicated that the DA raised valid points and that their concerns would be entertained as part of the budget consultation process mentioned in the first paragraph above.

RESOLVED

THAT

- (a) Council take note of the contents of the report;

(b) the draft medium term revenue and expenditure framework (budget) consisting of an operating and capital budget for the 2020/2021–2022/2023 financial years, as reflected in the table below, be approved:

MP326 City of Mbombela - Table A1 Budget Summary										
Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	466 134	631 719	642 360	642 360	642 360	642 360	721 056	778 740	841 040
Service charges	–	1 088 910	1 241 828	1 384 977	1 384 977	1 384 977	1 384 977	1 444 645	1 543 005	1 648 084
Investment revenue	–	8 581	7 383	6 329	6 329	6 329	6 329	5 413	5 413	5 413
Transfers recognised - operational	–	776 204	816 078	733 561	733 561	733 561	733 561	801 432	874 906	951 779
Other own revenue	–	138 129	148 868	97 340	306 504	306 504	306 504	126 439	128 173	130 010
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	2 477 958	2 845 876	2 864 567	3 073 731	3 073 731	3 073 731	3 098 986	3 330 238	3 576 327
Employee costs	–	793 706	936 949	1 010 483	1 010 430	1 010 430	1 010 430	1 031 256	1 103 443	1 186 202
Remuneration of councillors	–	38 422	39 466	43 865	42 865	42 865	42 865	45 011	47 261	49 624
Depreciation & asset impairment	–	502 874	506 580	545 585	515 498	515 498	515 498	516 567	526 898	547 974
Finance charges	–	66 272	90 665	45 677	45 677	45 677	45 677	27 978	26 346	19 422
Materials and bulk purchases	–	753 528	796 644	893 674	852 427	852 427	852 427	868 256	907 416	977 898
Transfers and grants	–	31 912	40 205	32 670	5 120	5 120	5 120	2 080	1 320	1 320
Other expenditure	–	922 756	1 064 698	677 973	727 091	727 091	727 091	587 287	545 058	495 588
<b>Total Expenditure</b>	–	3 109 470	3 475 208	3 249 926	3 199 109	3 199 109	3 199 109	3 078 434	3 157 742	3 278 029
<b>Surplus/(Deficit)</b>	–	(631 512)	(629 333)	(385 360)	(125 378)	(125 378)	(125 378)	20 552	172 496	298 298
Transfers and subsidies - capital (monetary allocation)	–	443 780	429 750	582 682	669 482	669 482	669 482	378 344	408 975	663 632
Contributions recognised - capital & contributed assets	–	3 242	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	(184 490)	(199 583)	197 322	544 104	544 104	544 104	398 896	581 471	961 930
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	–	(184 490)	(199 583)	197 322	544 104	544 104	544 104	398 896	581 471	961 930
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	–	100 123	157 586	682 362	764 543	764 543	764 543	438 444	457 475	740 632
Transfers recognised - capital	–	87 462	81 736	580 682	667 482	667 482	667 482	378 344	408 975	663 632
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	12 661	75 850	101 680	97 061	97 061	97 061	60 100	48 500	77 000
<b>Total sources of capital funds</b>	–	100 123	157 586	682 362	764 543	764 543	764 543	438 444	457 475	740 632
<b>Financial position</b>										
Total current assets	–	459 610	592 729	707 018	862 022	862 022	862 022	932 825	991 867	1 026 397
Total non current assets	–	7 567 820	7 543 169	7 880 130	7 972 311	7 972 311	7 972 311	7 867 149	8 487 871	9 198 652
Total current liabilities	–	1 733 242	2 094 386	989 186	1 098 105	1 098 105	1 098 105	1 098 219	1 051 981	956 610
Total non current liabilities	–	595 904	616 071	528 817	1 350 893	1 350 893	1 350 893	528 817	502 870	470 539
Community wealth/Equity	–	5 698 284	5 425 441	7 069 144	6 385 335	6 385 335	6 385 335	7 223 938	7 975 887	8 848 900
<b>Cash flows</b>										
Net cash from (used) operating	–	560 280	503 917	635 595	667 242	667 242	667 242	700 310	538 316	788 422
Net cash from (used) investing	–	(481 753)	(435 106)	(614 126)	(615 119)	(615 119)	(615 119)	(438 444)	(457 475)	(740 632)
Net cash from (used) financing	–	(8 489)	(36 663)	(29 971)	(29 971)	(29 971)	(29 971)	(17 515)	(18 407)	(19 410)
<b>Cash/cash equivalents at the year end</b>	–	93 903	126 051	86 698	148 202	148 202	148 202	392 553	454 988	483 367
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	–	121 517	147 280	86 698	148 202	148 202	148 202	392 553	454 988	483 367
Application of cash and investments	–	1 238 693	1 470 939	207 682	219 815	219 815	219 815	389 007	344 007	232 943
<b>Balance - surplus (shortfall)</b>	–	(1 117 176)	(1 323 660)	(120 984)	(71 613)	(71 613)	(71 613)	3 547	110 980	250 424
<b>Asset management</b>										
Asset register summary (WDV)	–	–	–	7 880 130	7 962 311	7 962 311	7 962 311	7 880 130	7 962 311	7 962 311
Depreciation	–	–	–	545 585	515 498	515 498	515 498	545 585	515 498	515 498
Renewal and Upgrading of Existing Assets	–	–	–	223 557	305 559	305 559	305 559	249 218	173 395	437 521
Repairs and Maintenance	–	–	–	13 657	8 418	8 418	8 418	50 936	49 418	51 418
<b>Free services</b>										
Cost of Free Basic Services provided	–	463 409	609 827	463 409	463 409	463 409	507 580	507 580	507 580	507 580
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	37	37	37	37	37	37	37	37	37
Sanitation/sewerage:	–	–	18	18	18	18	18	18	18	18
Energy:	–	–	16	16	16	16	16	16	16	16
Refuse:	–	142	142	142	142	142	142	142	142	142

- (c) the draft capital budget for the 2020/2021–2022/2023 financial years, detailed as per annexure 1212/2020 and summarised per municipal priority as tabulated below, be approved:

DEPARTMENT	ORIGINAL APPROVED 2019/2020	BUDGET ESTIMATES 2020/2021	BUDGET ESTIMATES 2021/2022	BUDGET ESTIMATES 2022/2023
Roads Infrastructure Development	R 15 000 000	R 2 500 000	R 10 000 000	R 10 000 000
<b>City Planning and Development</b>	<b>R 15 000 000</b>	<b>R 2 500 000</b>	<b>R 10 000 000</b>	<b>R 10 000 000</b>
Community Development	R 2 500 000	R 5 500 000	R 3 500 000	R -
<b>Community Services</b>	<b>R 2 500 000</b>	<b>R 5 500 000</b>	<b>R 3 500 000</b>	<b>R -</b>
Good Governance	R -	R 3 100 000	R -	R -
<b>Corporate Services</b>	<b>R -</b>	<b>R 3 100 000</b>	<b>R -</b>	<b>R -</b>
Electricity Supply and Management	R 39 010 000	R 60 461 000	R 52 000 000	R 58 000 000
<b>Energy</b>	<b>R 39 010 000</b>	<b>R 60 461 000</b>	<b>R 52 000 000</b>	<b>R 58 000 000</b>
Good Governance	R -	R 4 000 000	R -	R -
<b>Financial Services</b>	<b>R -</b>	<b>R 4 000 000</b>	<b>R -</b>	<b>R -</b>
Community Development	R 31 000 000	R 32 750 000	R 33 500 000	R 15 000 000
Roads Infrastructure Development	R 106 625 000	R 221 983 000	R 276 475 000	R 302 362 000
Sanitation/Sewerage	R 19 200 000	R 10 650 000	R 15 000 000	R 25 000 000
Water Supply	R 33 173 593	R 25 000 000	R 7 000 000	R 10 000 000
<b>Public Work Road and Transport</b>	<b>R 189 998 593</b>	<b>R 290 383 000</b>	<b>R 331 975 000</b>	<b>R 352 362 000</b>
Good Governance	R 250 000	R 400 000	R -	R -
<b>Regional Centre Co-ordination</b>	<b>R 250 000</b>	<b>R 400 000</b>	<b>R -</b>	<b>R -</b>
Sanitation/Sewerage	R -	R 15 000 000	R 10 000 000	R 28 500 000
Water Supply	R 58 000 000	R 57 100 000	R 50 000 000	R 291 770 000
<b>Water And Sanitation</b>	<b>R 58 000 000</b>	<b>R 72 100 000</b>	<b>R 60 000 000</b>	<b>R 320 270 000</b>
<b>Grand Total</b>	<b>R 304 758 593</b>	<b>R 438 444 000</b>	<b>R 457 475 000</b>	<b>R 740 632 000</b>

- (d) the draft annual budget for the financial year 2020/2021, indicative allocations for the two projected outer years 2021/2022 and 2022/2023 and the multi-year and single year capital appropriations as set out in the new budget and reporting regulations (annexure 1211/2020), be approved as follows:

- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Budgeted Financial Performance (revenue by source and expenditure by type)
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;

- (e) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and

reporting regulations in the following tables and as per annexure 1211/2020, be noted:

- (i) Budgeted Financial Position
- (ii) Budgeted Cash Flows
- (iii) Cash backed reserves and accumulated surplus reconciliation
- (iv) Asset management
- (v) Basic service delivery measurement

- (f) in terms of sections 24(2)(c)(i) and (ii) of the Local Government: Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 06 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services, property rates and sundry charges as set out in the table below, which were used to prepare the estimates of revenue by source, be considered for implementation with effect from 1 July 2020:

Operating Revenue Assumptions					
Rates and Services Charges Tariffs Increase %:	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Property Rates	4,70%	6,00%	6,00%	6,00%	6,00%
Electricity	7,82%	13,07%	10,10%	7,20%	10,90%
Water	5,43%	5,90%	8,00%	8,00%	8,00%
Refuse Removal	5,43%	5,90%	8,00%	8,00%	8,00%
Sewerage	5,43%	5,90%	8,00%	8,00%	8,00%
Concession Area - Water and Sanitation	7,43%	12,00%	13,50%	13,50%	13,50%
<b>Average Increase - Non-Concession Area</b>	<b>5,76%</b>	<b>7,35%</b>	<b>8,02%</b>	<b>7,44%</b>	<b>8,18%</b>
<b>Average Increase - Concession Area</b>	<b>6,35%</b>	<b>9,24%</b>	<b>9,40%</b>	<b>8,68%</b>	<b>9,60%</b>
Sundry charges tariffs and fees	10,00%	10,00%	10,00%	10,00%	10,00%

#####

A(3). FINANCIAL MANAGEMENT: REPORT ON DRAFT BUDGET RELATED POLICIES FOR THE 2020/2021 FINANCIAL YEAR

RESOLVED

THAT

- (a) the contents of the report be noted;
- (b) Council take note of the following draft policies for the 2020/2021 financial year, with no proposed amendments:
  - (i) Asset Management policy
  - (ii) Budget policy
  - (iii) Cash Management policy
  - (iv) Credit Control and Debt Collection policy
  - (v) Contract Management policy
  - (vi) Infrastructure Procurement and Delivery Management policy
  - (vii) Indigent policy
  - (viii) Investment policy
  - (ix) Supply Chain Management policy
  - (x) Virement policy
- (c) the following draft policies, with proposed amendments, which will be consulted on during the 2020/2021 IDP and Budget consultative process, where applicable, be noted:
  - (i) Deposits and Refunds policy
  - (ii) Fleet Management policy
  - (iii) Property Rates policy
  - (iv) Tariff policy
  - (v) Travelling and Subsistence Allowance policy
  - (vi) Proof of Residence policy

- (d) the new draft Cost Containment policy, developed in line with the requirements of the Municipal Cost Containment Regulations, be approved;
- (e) all the inputs received during the consultation process mentioned in (c) above and the workshops as per (g) below, be incorporated into the respective policies and by-laws for consideration together with the final 2020/2021 budget;
- (f) it be noted that there are no proposed amendments to the following by-laws as promulgated in the Mpumalanga Provincial Gazette no 2835 dated 28 July 2017, and that it shall thus still be applicable for enforcement during the 2020/2021 financial year:
  - (i) Credit Control and Debt Collection policy and by-law
  - (ii) Solid Waste Management by-law
  - (iii) Tariff policy and by-law
  - (iv) Electricity Supply by-law
  - (v) Water Supply Services by-law
  - (vi) Property Rates by-law
  - (vii) Waste Water and Industrial Effluent by-law
- (g) Workshops, per region, be arranged for Councillors on all the policies and by-laws mentioned above, as part of the 2020/2021 IDP and Budget consultative process.

## 1.3 EXECUTIVE SUMMARY

The 2020/2021 – 2022/2023 medium-term revenue and expenditure framework is prepared at a time where South Africa and the entire world is faced with global and domestic environment challenges as the global growth is at its lowest since the 2008 financial crisis hence the call by the President of South Africa for an incentive package and the implementation of the recovery plan in order to stimulate the economy. The stimulus package call responds to among others the recent technical recession and the overall high percentage of unemployment at 29 percent. This may be attributed to domestic constraints associated to political uncertainty and declining business and investor confidence.

The GDP growth rate is forecasted at 0.9 percent in 2020, 1.3 percent in 2021 and 1.6 percent in 2022. The downward revision takes into account the weaker investments outcomes in 2019, a more fragile recovery in household income and slower export demand than expected moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

South Africa's credit rating has also been downgraded to "junk" status during the 21 days national lockdown period as the country tries to contain the spread of the Covid 19 pandemic. The Ba1 status was based on the structurally weak growth and the deteriorating fiscal ability.

In addition to low growth, South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. The corona virus –COVID 19 pandemic also highly impacts the economy causing a total shut down to local and international companies. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on the municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections.

The drought experienced by many municipalities in several provinces pose a significant risk while the impact is uncertain much depends on how long it will prevail, the extent to which specific catchment areas are affected and the success of mitigation measures and must consider its impact on revenue generation.

Although municipal finances are under pressure in many areas of the country as a result of the rising cost of delivering basic services and weak planning and controls, with poor management decisions leading to underinvestment and insufficient maintenance of infrastructure. Municipalities still has a role to play in turning around the economy through the resources allocated in the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, Social infrastructure improvement, enhancing of economic growth reforms and the discussion paper termed the Economic Transformation, support urgent matters of education and health by provinces, poverty and inequality challenges.

The number of municipalities that were assessed by National Treasury on municipal health measures and varied on the degrees of financial distress increased to 125 of the total of 257 municipalities, for the reported period as at 30 June 2018 in accordance with the State of Local Government Finances and Financial Management, 2018. Interventions measures has since been deployed to assist municipalities with customized turnaround strategies. The City

has also been implementing the approved turnaround strategy developed with the assistance of National Treasury.

The draft public procurement bill was developed with the intention to align public procurement regulations. The draft Bill for which public comments are currently sourced until 30 June 2020 proposes a single regulatory framework for procurement applicable to National, Provincial and Local government, as well as state owned entities. The Bill proposes the repeal of the Preferential Procurement Policy Framework Act of 2000 and thereby do away with its preferential point system. In its place, the Bill creates a more flexible preferential procurement regime and enabling the Minister of Finance, after consulting responsible Ministers, to prescribe a framework for preferential procurement. To advance economic opportunities for previously disadvantaged people, specific provision is made for women, the youth and people with disabilities, small businesses, locally produced goods, including local technology and its commercialization.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the municipality will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a reprioritization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

### **Vision 2030 Strategy and Integrated Development Plan (IDP)**

In line with the National Development Plan, the municipality has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the municipality. The Vision 2030 strategy provides a platform and framework for the desired future of the municipality and that will be achieved through the following four strategic objectives of the strategy;

- (a) To transform the spatial structure of the City.
- (b) To establish a competitive economic position.
- (c) To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
- (d) To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the municipality will be guided by these four strategic objectives and the 2016 - 2021 electoral term of office. The Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the municipality forward;

- (a) Water supply
- (b) Road infrastructure development and storm water
- (c) Electricity supply and management
- (d) Integrated human settlement
- (e) Good governance and public participation

- (f) Sanitation
- (g) Community development
- (h) Rural development
- (i) Economic development
- (j) Waste and environment management
- (k) Financial viability and management
- (l) Public transport
- (m) Public Safety
- (n) 2010 legacy

The Integrated Development Plan as a developmental plan for the municipality will foster how effectively resources should be allocated and utilised. The budget should respond to these developmental agenda encompassed on the Integrated Development Plan and the following are the budget objectives;

- (a) To improve adherence to legislative, governance and institutional development framework.
- (b) To improve financial performance and sustainability over the long term.
- (c) To ensure the citizens of the municipality are provided with acceptable levels of services.
- (d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.
- (e) To achieve a clean audit outcome.
- (f) To enable local economic development initiatives and sustainable employment creation.
- (g) To ensure the smooth transition as a result of the amalgamation process in terms of reorganisation and restructuring of policies, processes and systems.

### **1.3.1 National priorities**

#### **National priorities- Expanding public sector investment infrastructure**

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the City need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Program (EPWP).

The outbreak of the coronavirus pandemic has affected the entire global community and the impact of such a virus will result in international economic crises. Many companies will shut down and come back again, many people will be left without jobs and there will be serious loss of income. The City must consider the effects of the pandemic and continue to invest more on projects that will require labour intensive method of production.

### 1.3.2 Micro environment factors – economic outlook

The South African economic growth outlook measured in terms of real Gross Domestic Product (GDP) in 2020 to 2024 .According to the 2020 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the target limits of South African Reserve Bank CPI of 3 - 6 percent band in 202/2021 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2023/2024 financial year;

The forecasted headline inflation for medium-term will be as follows;

2020/2021 - 2022/2123 MEDIUM TERM REVENUE AND EXPENDITURE ASSUMPTIONS							
Description	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Economic Outlook:</b>							
Consumer Price Index (CPI) % Inflation	6.4%	4.7%	4.3%	4.5%	4.6%	4.6%	4.6%
Real Gross Domestic Product (GDP) %	1.3%	0.7%	1.5%	0.9%	1.3%	1.6%	1.6%
Annualised Nominal Price Rate Increase %	7.78%	5.43%	5.86%	5.44%	5.96%	6.27%	6.27%
Prime Lending Rate (Interest Rate)	10.25%	10.25%	10.25%	8.75%	8.75%	8.75%	8.75%
Repo Lending Rate	6.75%	6.75%	6.75%	5.25%	5.25%	5.25%	5.25%

### 1.3.3 Revenue enhancement assumptions

The City has appointed a service provider to fast track the implementation of the revenue enhancement projects and also a service provider to assist in developing an appropriate cost reflective structure on water and sanitation, refuse removal, and electricity tariffs to phase in the necessary tariff increase in a manner that will spread the impact on consumer over a period of time as prescribed in MFMA Circular 58.

The outbreak of the coronavirus pandemic is going to negatively affect the ability of the City to collect revenue. This will require the City to apply a conservative approach in budgeting so mas to ensure that revenue projections are realistic and achievable.

## **(a) Grants allocations**

Due to the fiscal reprioritisation and reductions undertaken during the 2019 Medium Term Policy Statement (MTBPS) affected planned spending for 2020/2021 financial year. The substantial reduction has been applied to the most two largest conditional grants namely the Public Transport Network grant and the Municipal Infrastructure grant.

The Municipal Infrastructure Grant displays a decrease of 1 percent in 2020/2021 financial year an increase of 9 percent in 2021/2022 and 6 percent increase in 2022/2023 financial year. Public Transport Network Grant was taken away by the National Treasury putting more pressure on the City to source other funds so that the projects that were funded by the grant can be finalised to operationalize the entire integrated public transport function.

National Treasury has introduced the following reforms on the infrastructure conditional grants;

- (i) The introduction of the new urban infrastructure grant from 2019/2020. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016.
- (ii) The refinement of grant allocation rules to encourage budgeting for routine maintenance this will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure, develop water conservation projects and maintain roads if certain conditions are met
- (iii) Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.
- (iv) A new municipal restructuring grant will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around the grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

The reforms on the local government conditional grants are introduced at the time when the municipality is struggling to keep up with the maintenance and refurbishment requirement of the infrastructure in the peri-urban and rural areas due to inadequate

financial resources and also where this social infrastructure is built there is absolutely no cost recovery or the social infrastructure built is not revenue generating in nature.

It is therefore recommended that the two Departments namely; Public Roads and Transport, and Water and Sanitation should undertake a process of ensuring the reforms aforementioned on the infrastructure grants are implemented in particular, the development of business plans for the routine maintenance and refurbishment of the social infrastructure located in the peri-urban and rural areas where there is absolutely no cost recovery. The business plans should be submitted to the respective transferring departments for approval during 2020/2021 financial year so that the approved projects for the routine maintenance can be implemented in 2021/2022 financial year.

The grants allocation for the municipality for the 2020/2021 financial years shows a decrease of 43 percent growth compared to the 2019/2020 financial year and further increase in 2021/2022 and 2022/2023.

The detailed Division of Revenue Act grants allocation over the medium-term is as follows;

CITY OF MBOMBELA	APPROVED AMENDED BUDGET 2019/2020	Estimated 2020/2021	Estimated 2021/2022	Estimated 2022/2023
<b>OPERATING GRANT</b>		10%	10%	9%
Equitable Share	R 725 225 000	R 794 688 000	R 872 206 000	R 948 979 000
Municipal Systems Improvement Grant (MSIG)		R -	R -	R -
Financial Management Grant (FMG)	R 2 500 000	R 2 500 000	R 2 700 000	R 2 800 000
Municipal Demarcation Transition Grant	R -	R -	R -	R -
Electricity Demand Side Management	R -	R -	R -	R -
Expanded Public Works Programme	R 5 836 000	R 4 244 000	R -	R -
<b>TOTAL OPERATIONAL ALLOCATION</b>	<b>R 733 561 000</b>	<b>R 801 432 000</b>	<b>R 874 906 000</b>	<b>R 951 779 000</b>
<b>Growth (%)</b>		<b>9%</b>	<b>9%</b>	<b>9%</b>
<b>CAPITAL GRANTS</b>		-1%	9%	6%
Municipal Infrastructure Grant (MIG)	R 333 753 000	R 331 383 000	R 361 975 000	R 384 362 000
Public Transport Network Grant	R 300 719 000	R -	R -	R -
Electricity Demand Side Management	R 8 000 000	R 7 000 000	R 7 000 000	R 7 000 000
Neighbourhood Development Partnership Grant	R -	R 2 500 000	R 10 000 000	R 10 000 000
Regional Bulk Infrastructure Grant	R -	R -	R -	R 231 270 000
Integrated National Electrification Programme	R 27 010 000	R 37 461 000	R 30 000 000	R 31 000 000
<b>TOTAL CAPITAL ALLOCATION</b>	<b>R 669 482 000</b>	<b>R 378 344 000</b>	<b>R 408 975 000</b>	<b>R 663 632 000</b>
<b>Growth (%)</b>		<b>-43%</b>	<b>8%</b>	<b>62%</b>
<b>TOTAL ALLOCATION</b>	<b>R 1 403 043 000</b>	<b>R 1 179 776 000</b>	<b>R 1 283 881 000</b>	<b>R 1 615 411 000</b>
<b>Growth (%)</b>		<b>-16%</b>	<b>9%</b>	<b>26%</b>

The municipality will experience an increase above inflation on the equitable share by average of 10 percent throughout the medium term 2020/2021 to 2023/2024.

(b) Revising of rates, tariffs and other charges

The municipality need to strike a balance between ensuring it remains financial sustainable but also to ensure the tariffs increase are affordable to the ratepayers and consumers of the services, and indigent households are able to access free basic services through the equitable share allocation.

According to the 2020 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the upper limits of South African Reserve Bank CPI of 3 – 6 percent target band in 2020/2021 financial year.

The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2024/2025 financial year;

Description	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Economic Outlook:</b>						
Consumer Price Index (CPI) % Inflation	4.7%	4.3%	4.5%	4.6%	4.6%	4.8%
Real Gross Domestic Product (GDP) %	0.7%	1.5%	0.9%	1.3%	1.6%	2.1%
<b>Annualised Nominal Price Rate Increase %</b>	<b>5.43%</b>	<b>5.86%</b>	<b>5.44%</b>	<b>5.96%</b>	<b>6.27%</b>	<b>7.00%</b>
<b>Prime Lending Rate (Interest Rate)</b>	<b>10.25%</b>	<b>10.25%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>8.75%</b>
<b>Repo Lending Rate</b>	<b>6.75%</b>	<b>6.75%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>6.25%</b>

The proposed tariffs and fees for property rates, services and sundry charges for 2020/2021 and the medium-term will be as illustrated on the table below;

<b>Operating Revenue Assumptions</b>						
<b>Rates and Services Charges Tariffs Increase %:</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	
Property Rates	4,70%	6,00%	6,00%	6,00%	6,00%	6,00%
Electricity	7,82%	13,07%	10,10%	7,20%	10,90%	10,90%
Water	5,43%	5,90%	8,00%	8,00%	8,00%	8,00%
Refuse Removal	5,43%	5,90%	8,00%	8,00%	8,00%	8,00%
Sewerage	5,43%	5,90%	8,00%	8,00%	8,00%	8,00%
Concession Area - Water and Sanitation	7,43%	12,00%	13,50%	13,50%	13,50%	13,50%
<b>Average Increase - Non-Concession Area</b>	<b>5,76%</b>	<b>7,35%</b>	<b>8,02%</b>	<b>7,44%</b>	<b>8,18%</b>	<b>8,18%</b>
<b>Average Increase - Concession Area</b>	<b>6,35%</b>	<b>9,24%</b>	<b>9,40%</b>	<b>8,68%</b>	<b>9,60%</b>	<b>9,60%</b>
Sundry charges tariffs and fees	10,00%	10,00%	10,00%	10,00%	10,00%	10,00%

There will be a significant increase to the consumers during 2020/2021 financial year as the electricity tariffs are estimated to increase by 10,10 percent, subject to approval by the National Energy Regulator of South Africa (NERSA). The overall fees and tariffs for property rates, services will increase by an average by 8,02 percent in the non-concession in 2020/2021 financial year and by an average of 9,40 percent in 2020/2021 financial year in the concession areas.

Sembcorp tariffs increase is determined in accordance with tariff model stipulated on the Service Agreement which takes the current consumer price indexes (CPI) per commodity plus a margin of 4.3 percent and other economic factors into account totaling to 10 percent.

The City is undertaking a process of remodeling of the cost and tariffs from the current financial year and over the next two financial years in the different functional areas such as electricity, water, sanitation, refuse removal and other critical services delivery functional areas to ensure the tariffs and fees charge for rendering such services is a true cost reflection.

(c) The ability of City to collect revenue (payment levels)

The estimated payment level trends for the current financial year and the forecast for the next medium-term is as follows;

Financial Performance Indicators or Ratios	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Collection on current accounts - Rates and Services charges	92%	95%	95%	95%	95%

The collection rate in 2020/2021 is expected to be 95 percent due to the current cash flow situation and economic situation of the municipality and the country it is projected to stay the same in the outer years and will be adjusted as the economic conditions improves.

The City continues to enforce and implement credit control and debt collection measures in order to collect revenue due.

(d) Revenue enhancement strategy

The major challenge faced by the municipality is that the current revenue base is fully committed and therefore there is a need to first prevent revenue losses, secondly to explore the opportunities of increasing the revenue base and thirdly to explore new revenue streams.

The revenue enhancement strategy approved by the council on 31 May 2017 be implemented to focus on the revenue enhancement challenges mentioned above and dedicated resources be provided for the implementation of the strategy as the financial sustainability of the municipality rely solely on the successful implementation of the strategy.

The City is focusing on enhancing the revenue base as part of the revenue enhancement strategy.

#### 1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will decrease by an average of 8.42 percent in 2020/2021 3.53 per cent in 2021/2022 and 3 percent in 2022/2023 with an exception of the key cost or expenditure drivers stated on the table below;

Operating Expenditure Assumptions						
Operating Expenditure:	2018/2019	2019/2020	2020/2021	2021/2022	2020/2021	2021/2022
Employees Related Cost	6.70%	7.70%	6.25%	7.00%	7.50%	6.65%
Councillors Remuneration	5.70%	5.20%	5.00%	5.00%	5.00%	5.50%
Contracted Services	5.25%	-15.00%	-15.00%	-15.00%	-15.00%	-10.00%
Bulk Purchases: Electricity	8.00%	15.63%	6.90%	5.20%	8.90%	8.00%
Bulk Purchases: Water	8.10%	7.40%	4.50%	4.60%	4.60%	4.80%
Other Materials	6.33%	-12.00%	-10.00%	-10.00%	-10.00%	-8.00%
Transfers and Grants	7.90%	7.20%	-50.00%	-10.00%	-10.00%	7.00%
Other Expenditure	7.42%	-15.00%	-15.00%	-15.00%	-15.00%	-10.00%
<b>Average Increase %</b>	<b>6.92%</b>	<b>0.14%</b>	<b>-8.42%</b>	<b>-3.53%</b>	<b>-3.00%</b>	<b>0.49%</b>

The key cost drivers on the operating expenditure is the employee related and electricity costs.

The key considerations on the operating expenditure are as follows;

- (a) The Salary and Wage collective agreement for the period 01 July 2018 to 31 June 2021 has estimated the employees related cost expenditure for 2020/2021 at CPI plus 1.25 percent.
- (b) A reduction of non-essential expenditure such as catering, use of consultants, travelling and subsistence, domestic accommodation, catering, financial sponsoring of non-government events, hiring of conference facilities for meetings and study tours must be in line with the municipal cost curtailment regulations, overtime must also be in line with the overtime management policy and strategy and be implemented as such etc.
- (c) Minimize utilization of consultants or service providers where there is sufficient staff complement.
- (d) Review of all supply chain management contracts in particular, the multiple extended contracts and renegotiate contract terms and conditions (deliverables and contract amounts).
- (e) An operating surplus budget approach be adopted for 2020/2021 and subsequent financial years as a budget model that will ensure the municipality can start to building up cash reserves.

### 1.3.5 Capital expenditure guidelines and assumptions

The funding of the capital expenditure will be sourced from conditional grants allocations and internal funding. No new external loans (borrowings) will be sourced during the medium-term. The funding of capital expenditure from internal generated funds would be minimised to the affordability level of the municipality.

### 1.3.6 Provision of free basic services to the indigent households

The Indigent Policy of the municipality as approved by Council on 28 February 2017 is still applicable and in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty.

The following assumptions were also taken into consideration towards the provision of free basic services;

- (a) Reducing the impact of poverty through free basic service provision.
- (b) Protecting the poor from the harsh economic realities.

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R100 000 of the market value is a reduction on a residential category.
Free Basic Sewer	6kl per month

The City has allocated a total amount of R508 million in the 2020/2021 financial year for provision of free basic services. The free basic services will be provided in accordance with the equitable share formula by National Treasury.

### 1.3.7 Municipal Standard Chart of Accounts (MSCOA) implementation

In order to ensure the municipality complies with the Municipal Standard Chart of Accounts (MSCOA) Regulations which requires municipalities and municipal entities to comply with since on 01 July 2017, the municipality is now in phase three (3) on the implementation of the project which entails the seamless interface of sub-systems of other departments to the core system that have a bearing on the financial management sub-systems and the core system and this phase should be completed on 30 June 2020. The upgrade to MSCOA version 6.3 to 6.4 chart is released to be used for the compilation of the 2020/2021 Medium Term Revenue and Expenditure Framework.

## 1.4 OPERATING REVENUE FRAMEWORK

For City of Mbombela to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every City. The reality is that the City is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The City's revenue strategy is built around the following key components:

- (a) National Treasury's guidelines and macroeconomic policy;
- (b) Growth in the City and continued economic development;
- (c) Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges such as electricity, water, sewerage and refuse removal services;
- (d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- (e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
- (f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- (g) The City's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- (h) Increase ability to extend new services and recover costs;
- (i) The City's Indigent Policy and rendering of free basic services; and
- (j) Tariff policies of the City.

The detailed draft operating revenue and expenditure budget for 2020/2021 – 2022/2023 budget and medium-term revenue and expenditure framework is as follows;

MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	–	466 134	631 719	642 360	642 360	642 360	642 360	721 056	778 740	841 040
Service charges - electricity revenue	2	–	872 307	995 106	1 119 104	1 119 104	1 119 104	1 119 104	1 168 123	1 249 892	1 337 384
Service charges - water revenue	2	–	88 654	103 692	111 491	111 491	111 491	111 491	111 467	118 154	125 244
Service charges - sanitation revenue	2	–	27 222	21 873	23 826	23 826	23 826	23 826	24 930	26 426	28 012
Service charges - refuse revenue	2	–	100 727	121 157	130 556	130 556	130 556	130 556	140 125	148 533	157 445
Rental of facilities and equipment		–	9 878	11 676	8 464	8 464	8 464	8 464	6 371	6 371	6 371
Interest earned - external investments		–	8 581	7 383	6 329	6 329	6 329	6 329	5 413	5 413	5 413
Interest earned - outstanding debtors		–	42 909	27 028	27 345	37 345	37 345	37 345	36 651	36 651	36 651
Dividends received						–	–	–			
Fines, penalties and forfeits		–	6 629	10 321	8 099	8 099	8 099	8 099	7 497	7 497	7 497
Licences and permits		–	3 197	3 261	–	6 256	6 256	6 256	4 479	4 479	4 479
Agency services		–	38 796	42 317	–	192 000	192 000	192 000	–	–	–
Transfers and subsidies		–	776 204	816 078	733 561	733 561	733 561	733 561	801 432	874 906	951 779
Other revenue	2	–	36 720	54 264	53 432	54 340	54 340	54 340	71 443	73 176	75 014
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	<b>2 477 958</b>	<b>2 845 876</b>	<b>2 864 567</b>	<b>3 073 731</b>	<b>3 073 731</b>	<b>3 073 731</b>	<b>3 098 986</b>	<b>3 330 238</b>	<b>3 576 327</b>
<b>Expenditure By Type</b>											
Employee related costs	2	–	793 706	936 949	1 010 483	1 010 430	1 010 430	1 010 430	1 031 256	1 103 443	1 186 202
Remuneration of councillors		–	38 422	39 466	43 865	42 865	42 865	42 865	45 011	47 261	49 624
Debt impairment	3	–	160 305	192 920	106 974	99 023	99 023	99 023	108 607	116 496	123 957
Depreciation & asset impairment	2	–	502 874	506 580	545 585	515 498	515 498	515 498	516 567	526 898	547 974
Finance charges		–	66 272	90 665	45 677	45 677	45 677	45 677	27 978	26 346	19 422
Bulk purchases	2	–	706 812	746 300	839 462	808 485	808 485	808 485	830 796	873 701	949 241
Other materials	8	–	46 715	50 344	54 212	43 942	43 942	43 942	37 460	33 714	28 657
Contracted services		–	518 854	627 515	406 824	429 002	429 002	429 002	315 260	281 484	239 261
Transfers and subsidies		–	31 912	40 205	32 670	5 120	5 120	5 120	2 080	1 320	1 320
Other expenditure	4, 5	–	240 049	244 059	164 175	199 067	199 067	199 067	163 420	147 078	132 370
Loss on disposal of PPE		–	3 548	204	–	–	–	–	–	–	–
<b>Total Expenditure</b>		–	<b>3 109 470</b>	<b>3 475 208</b>	<b>3 249 926</b>	<b>3 199 109</b>	<b>3 199 109</b>	<b>3 199 109</b>	<b>3 078 434</b>	<b>3 157 742</b>	<b>3 278 029</b>
<b>Surplus/(Deficit)</b>		–	<b>(631 512)</b>	<b>(629 333)</b>	<b>(385 360)</b>	<b>(125 378)</b>	<b>(125 378)</b>	<b>(125 378)</b>	<b>20 552</b>	<b>172 496</b>	<b>298 298</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	443 780	429 750	582 682	669 482	669 482	669 482	378 344	408 975	663 632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	3 242	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>

The impact of the main operating expenditure drivers on the draft budget is follows as;

- The remuneration cost, excluding councilor's allowances will amount to R1 031 billion in 2020/2021 financial year showing and increase of 2 percent compared to an amount of R1 010 billion in 2019/2020. The remuneration cost constitutes 34 percent of the total operating expenditure for 2020/2021. The remuneration cost will increase to R1 103 billion in 2021/2022 and to R1 186 billion in 2022/2023 financial year.
- Councilor's remuneration will amount to R45 million in 2020/2021 financial year indicating a 5 percent increase compared to R43 million in 2019/2020 it will further

increase to R47 million and R50 million respectively in 2021/2022 and 2022/2023. This constitutes 1.5 percent to the total operating expenditure budget.

- (c) The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R831 million in 2020/2021 due to an average increase of 6.9 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2020 and bulk water increase of 4.5 percent. The bulk purchase expenditure makes up 27 percent of the total operating expenditure budget.
- (d) Dept impairment will increase by R10 million or 9.7 percent to R109 million in 2020/2021 from R99 million in 2019/2020 this represents 4 percent of the total operating expenditure.
- (e) The depreciation cost will be R517 million showing an increase of 0.21 percent the depreciation cost makes up 17 percent of the total operating expenditure and is about 6.35 percent of the total assets carrying value of R8 136 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.
- (f) Contracted services will decrease by 27 percent or R114 million from R429 million in 2019/2020 to R315 million in 2020/2021 in response to the call by National Treasury to reduce the cost of running the city using external service providers in non - specialised services by using internal resources, this accounts for 10 percent of the total operating expenditure budget.
- (g) Finance charges will decrease by 39 percent or R18 million from R46 million in 2019/2020 to R28 million in 2020/2021 this accounts for 0.91 percent of the total operating expenditure budget. The City is implementing daily cash flow management and monitoring in order to reduce the interest charged for late payment of suppliers.
- (h) Other Materials will decrease by 15 percent or R6 million from R44 million in 2019/2020 to R38 million in 2020/2021 this was done as part of the cost containment measures to curb the expenditure this accounts for 0.91 percent of the total operating expenditure budget.
- (i) Other Expenditure will decrease by 18 percent or R36 million from R199 million in 2019/2020 to R163 million in 2020/2021 financial year which makes up 5.31 percent of the total operating expenditure it will further decrease to R132 million over the medium term the decrease is due to implementation of the cost curtailment measures applied in line with National Treasury directive and the cost containment measures as regulated.

- (j) Transfers and grants will decrease by R3 million or 59 percent to R2 million in 2020/2021 from R5 million in 2019/2020 this represents 0.07 percent of the total operating expenditure the huge decline is as a results of the reclassification of the expenditure from transfers and grants to contracted services.

The main operating revenue streams impact on the draft budget is as follows;

- (a) The municipality will receive most of its revenue from services charge (electricity, water, sewerage and refuse removal services) amounting to R1 445 billion in 2020/2021 indicating an increase of R60 million or 4.3 percent compared to R1 385 billion in 2019/2020 financial year and further increase to R1 648 billion over the medium-term. The revenue from services charge makes up 47 percent of the operating revenue budget.
- (b) The revenue from property rates will increase to an amount of R721 million in 2020/2021 from an amount of R642 million in 2019/2020 after taking into account income foregone due to rates rebates in terms of the rates policies and increases to R841 million over the medium-term. The property rates revenue contributes about 23 percent of the total operating revenue budget. The increase in the rates revenue takes into account the projected growth and the increased revenue base.
- (c) Agency Services will decrease by 100 percent due to the function taken back to the Provincial Government during the month of April 2020.
- (d) Interest Earned on investments will decrease by 15 percent or R915 thousand to an amount of R5 million 2020/2021 financial year from an amount of R6 million in 2019/2020 financial year.
- (e) Licenses and Permits will decrease by 28 percent or R1.7 million to an amount of R4.5 million in 2020/2021 from an amount of R6.3 million in 2019/2020 financial year.
- (f) Other Income will decrease by 22 percent or R11 million to an amount of R43 million in 2020/2021 from an amount of R54 million in 2019/2020 financial year.
- (g) Rentals of facilities will decrease by 25 percent or R2.1 million to an amount of R6.4 million in 2020/2021 financial year from an amount of R8.4 million in 2019/2020 financial year.
- (h) Operating grants allocation comprising of equitable share and other grants will increase by 9.25 percent or R68 million to an amount of R801 million in 2020/2021 financial year compared to R734 million in 2019/2020 financial year and will increase to R952 million over the medium term this contributes 26 percent to the total operating revenue budget in 2020/2021.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions once the new agreement is available (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

There will be a insignificant decrease to the consumers during 2020/2021 as the electricity tariffs are estimated to increase to 10.1 percent from 13.07 percent in 2019/2020 subject to approval by National Energy Regulator of South Africa (NERSA).

SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

### **Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP326 City of Mbombela - Supporting Table SA14 Household bills											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			323.50	344.20	344.20	344.20	344.20	8.0%	371.74	401.47	433.59
Electricity : Basic levy			—	—							
Electricity : Consumption			1,469.41	1,500.56	1,602.60	1,602.60	1,602.60	10.1%	1,762.86	1,889.78	2,078.76
Water: Basic levy			99.86	101.95	108.88	108.88	108.88	8.0%	117.60	127.00	137.16
Water: Consumption			465.41	501.72	528.31	528.31	528.31	8.0%	570.57	616.22	665.51
Sanitation			149.95	161.64	170.21	170.21	170.21	8.0%	183.82	198.53	214.41
Refuse removal			164.32	177.14	186.53	186.53	186.53	8.0%	201.45	217.56	234.97
Other			—	—	—	—	—	—			
sub-total		—	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
VAT on Services											
Total large household bill:		—	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
% increase/-decrease			—	4.3%	5.5%	—	—		9.1%	7.6%	9.1%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			219.14	233.17	233.17	233.17	233.17	8.0%	251.82	271.97	293.73
Electricity : Basic levy			—	—							
Electricity : Consumption			635.47	648.81	692.93	692.93	692.93	10.1%	762.22	815.58	897.14
Water: Basic levy			99.86	101.95	107.36	107.36	107.36	8.0%	115.94	125.22	135.24
Water: Consumption			368.45	397.19	418.24	418.24	418.24	8.0%	451.70	487.84	526.87
Sanitation			149.95	161.64	170.21	170.21	170.21	8.0%	183.82	198.53	214.41
Refuse removal			110.03	118.62	124.90	124.90	124.90	8.0%	134.90	145.69	157.34
Other			—	—	—	—	—	—			
sub-total		—	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
VAT on Services											
Total small household bill:		—	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
% increase/-decrease			—	5.0%	5.1%	—	—		8.8%	7.6%	8.8%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates			114.18	126.87	134.48	134.48	134.48	8.0%	145.24	156.86	169.41
Electricity : Basic levy			—	—							
Electricity : Consumption			380.04	422.27	488.14	488.14	488.14	10.1%	536.95	574.54	631.99
Water: Basic levy			—	—				—			
Water: Consumption			306.85	340.94	361.06	361.06	361.06	8.0%	389.94	421.14	454.83
Sanitation			237.02	263.36	278.90	278.90	278.90	8.0%	301.21	325.31	351.33
Refuse removal			179.09	198.99	210.73	210.73	210.73	8.0%	227.59	245.80	265.46
Other			—	—	—	—	—	—			
sub-total		—	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
VAT on Services											
Total small household bill:		—	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
% increase/-decrease			—	11.1%	8.9%	—	—		8.7%	7.7%	8.7%

## 1.5

### Cost of Free Basic Services (Formal Settlement)

The City has an indigent register compiled in line with the approve indigent policy. The cost of free basic services for the poor people households within the municipal area is reflected below and this will be further worsened by the impact of the covid 19 pandemic. The latest survey reflected that the City has 130 000 poor house holds.

<b>COST OF FREE BASIC SERVICES FOR THE CITY OF MBOMBELA</b>				
<b>COST OF FREE BASIC SERVICES</b>	<b>No of Poor Household</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
Water (kilolitres per household per month)	129,606	R 47,815,282	R 50,206,046	R 52,716,349
Sanitation (Rand per household per month)	129,606	R 23,907,641	R 25,103,023	R 26,358,174
Electricity (kwh per household per month)	129,606	R 87,367,405	R 91,735,775	R 96,322,564
Refuse (average litres per week)	129,606	R 16,466,442	R 17,289,764	R 18,154,253
<b>Total will be</b>		<b>R175,556,770</b>	<b>R184,334,609</b>	<b>R193,551,339</b>

### **Cost of Free Basic Services (informal Settlement)**

Furthermore, the City provide free basic service to informal settlements while processes to formalize some of the areas is still underway. The table below provide cost of free basic services to informal settlements. The City has identified informal settlements that must be formalized accordingly and begin to generate revenue for rendering services.

<b>COST OF FREE BASIC SERVICES (INFORMAL SETTLEMENT)</b>					
<b>COST OF FREE BASIC SERVICES</b>	<b>No of Informal Settlements</b>	<b>No of Poor Household</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
Water (kilolitres per household per month)	27	9479	R 30,000,000	R 27,000,000	R 22,950,000
Sanitation (Rand per household per month)	27	9479	R -	R -	R -
Electricity (kwh per household per month)	27	9479	R 40,000,000	R 36,000,000	R 32,400,000
Refuse (average litres per week)	27	9479	R 3,000,000	R 2,700,000	R 2,295,000
<b>TOTAL COST</b>			<b>73,000,000</b>	<b>65,700,000</b>	<b>57,645,000</b>

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **Repairs and Maintenance of Infrastructure**

During the compilation of the 2020/2021 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, the City is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

## Repairs and Maintenance for the City's assets

The table below provides a breakdown of the repairs and maintenance in relation to asset class: The City is currently busy reclassifying its repairs and maintenance expenditure items and aligning it to the relevant asset class. A lot of this expenditure items has been classified as municipal running cost projects which make it not to appear on the repairs and maintenance schedule. The reclassification is aimed to be completed with the final budget consolidation process.

<b>REPAIRS AND MAINTENANCE BY ASSET CLASS</b>								
<b>Repairs and Maintenance by Asset Class</b>	<b>41,568</b>	<b>3,902</b>	<b>14,657</b>	<b>9,847</b>	<b>9,847</b>	<b>61,639</b>	<b>55,475</b>	<b>45,837</b>
<i>Roads Infrastructure</i>	1	48	196	79	79	33,963	30,566	24,665
<i>Storm water Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	7,253	2,870	11,417	8,534	8,534	6,809	6,128	5,209
<i>Water Supply Infrastructure</i>	–	–	–	–	–	1,000	900	765
<i>Sanitation Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>	33,232	–	1,275	–	–	–	–	–
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	150	323	155	155	200	180	153
<b>Infrastructure</b>	<b>40,485</b>	<b>3,068</b>	<b>13,211</b>	<b>8,768</b>	<b>8,768</b>	<b>41,972</b>	<b>37,775</b>	<b>30,792</b>
Community Facilities	592	834	446	1,079	1,079	600	540	459
Sport and Recreation Facilities	–	–	–	–	–	900	810	689
<b>Community Assets</b>	<b>592</b>	<b>834</b>	<b>446</b>	<b>1,079</b>	<b>1,079</b>	<b>1,500</b>	<b>1,350</b>	<b>1,148</b>
Operational Buildings	–	–	1,000	–	–	4,100	3,690	3,137
Housing	–	–	–	–	–	–	–	–
<b>Other Assets</b>	<b>–</b>	<b>–</b>	<b>1,000</b>	<b>–</b>	<b>–</b>	<b>4,100</b>	<b>3,690</b>	<b>3,137</b>
<b>Machinery and Equipment</b>	<b>491</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,040</b>	<b>1,836</b>	<b>1,561</b>
<b>Transport Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12,027</b>	<b>10,824</b>	<b>9,201</b>

## 1.6 CAPITAL EXPENDITURE

The table below depicts a summary of the allocations per municipal priority on the capital expenditure budget;

The table below indicates the draft capital expenditure budget per municipal priority:

DEPARTMENT	ORIGINAL APPROVED 2019/2020	BUDGET ESTIMATES 2020/2021	BUDGET ESTIMATES 2021/2022	BUDGET ESTIMATES 2022/2023
Roads Infrastructure Development	R 15 000 000	R 2 500 000	R 10 000 000	R 10 000 000
<b>City Planning and Development</b>	R 15 000 000	R 2 500 000	R 10 000 000	R 10 000 000
Community Development	R 2 500 000	R 5 500 000	R 3 500 000	R -
<b>Community Services</b>	R 2 500 000	R 5 500 000	R 3 500 000	R -
Good Governance	R -	R 3 100 000	R -	R -
<b>Corporate Services</b>	R -	R 3 100 000	R -	R -
Electricity Supply and Management	R 39 010 000	R 60 461 000	R 52 000 000	R 58 000 000
<b>Energy</b>	R 39 010 000	R 60 461 000	R 52 000 000	R 58 000 000
Good Governance	R -	R 4 000 000	R -	R -
<b>Financial Services</b>	R -	R 4 000 000	R -	R -
Community Development	R 31 000 000	R 32 750 000	R 33 500 000	R 15 000 000
Roads Infrastructure Development	R 106 625 000	R 221 983 000	R 276 475 000	R 302 362 000
Sanitation/Sewerage	R 19 200 000	R 10 650 000	R 15 000 000	R 25 000 000
Water Supply	R 33 173 593	R 25 000 000	R 7 000 000	R 10 000 000
<b>Public Work Road and Transport</b>	R 189 998 593	R 290 383 000	R 331 975 000	R 352 362 000
Good Governance	R 250 000	R 400 000	R -	R -
<b>Regional Centre Co-ordination</b>	R 250 000	R 400 000	R -	R -
Sanitation/Sewerage	R -	R 15 000 000	R 10 000 000	R 28 500 000
Water Supply	R 58 000 000	R 57 100 000	R 50 000 000	R 291 770 000
<b>Water And Sanitation</b>	R 58 000 000	R 72 100 000	R 60 000 000	R 320 270 000
<b>Grand Total</b>	<b>R 304 758 593</b>	<b>R 438 444 000</b>	<b>R 457 475 000</b>	<b>R 740 632 000</b>

The table below summarizes the draft capital expenditure budget per funding source:

SOURCE OF FUNDING	Budget Year 2020/2021	Budget Year 2021/2022	Budget Year 2022/2023
Demand Side Management Grant	R 7 000 000	R 7 000 000	R 7 000 000
Integrated Electrification Programme Grant	R 37 461 000	R 30 000 000	R 31 000 000
Municipal Infrastructure Grant	R 331 383 000	R 361 975 000	R 384 362 000
Neighbourhood Development Programme Grant	R 2 500 000	R 10 000 000	R 10 000 000
Regional Bulk Infrastructure Grant	R -	R -	R 231 270 000
Internal Funding	R 60 100 000	R 48 500 000	R 77 000 000
<b>Total Capital Budget</b>	<b>R 438 444 000</b>	<b>R 457 475 000</b>	<b>R 740 632 000</b>

2020/2021 TO 2022/2023 DRAFT CAPITAL BUDGET FOR THE CITY OF MBOMBELA LOCAL MUNICIPALITY								
DEPARTMENT	PROJECT DESCRIPTION	SOURCE OF FUNDING	MUNICIPAL PRIORITY	LOCATION	WARD	BUDGET ESTIMATES 2020/2021	BUDGET ESTIMATES 2021/2022	BUDGET ESTIMATES 2022/2023
Energy	Retrofitting of existing public lighting fittings with new LED technology.	Grant - Energy Efficiency and Demand Side Management	Electricity Supply and Management	Mbombela	14, 15, 16, 17, 38	R 7,000,000	R 7,000,000	R 7,000,000
<b>Sub - Total Energy and Demand Side Management</b>						<b>R 7,000,000</b>	<b>R 7,000,000</b>	<b>R 7,000,000</b>
Energy	Ext 17 Switching Station	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi Ext 17	41,42,43,44,45	R -	R 2,500,000	R 2,500,000
Energy	132kv/122/11 40mva	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi	41,42,43,44,45	R -	R -	R -
Energy	132kv Msholoz (Mbombela) Bulk Supply	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Msholoz	14	R 7,572,200	R 5,800,000	R 6,000,000
Energy	Electrification of Emjindini Trust (Umjindini) (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Emjindini Trust	41	R 1,700,000	R 1,700,000	R 1,700,000
Energy	Electrification Ext 17 (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Umjindi Ext 17	45	R 2,550,000	R 1,250,000	R 1,100,000
Energy	Electrification of Msholoz (350 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Msholoz	14	R 5,950,000	R 1,700,000	R 1,700,000
Energy	Electrification of Mambongwana (250 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Mambongwana	43	R 4,250,000	R 1,200,000	R 1,200,000
Energy	40 MVA, waterworks phase 4	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Barberton	45	R 10,000,000	R 9,900,000	R 10,000,000
Energy	Electrification Thekwane South	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Tekwane South	18	R -	R 1,000,000	R 1,700,000
Energy	Electrification Noordkaap (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Noordkaap	43	R -	R 1,700,000	R 1,700,000
Energy	Electrification of malubane (100 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Malubane	43	R -	R 1,250,000	R 1,700,000
Energy	Electrification of Matsafeni (300 households)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Matsafeni	14	R 5,100,000	R 1,700,000	R 1,700,000
Energy	Mbombela Infills - 44 Households	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Sheba Siding	43	R 338,800	R 300,000	R -
<b>Sub - Total Integrated National Electrification Programme</b>						<b>R 37,461,000</b>	<b>R 30,000,000</b>	<b>R 31,000,000</b>
Public Work Road and Transport	Construction of Jerusalema community hall	Grant - Municipal Infrastructure Grant	Community Development	Jerusalema	8	R 3,550,000	R 6,000,000	R 4,000,000
Public Work Road and Transport	Construction of Jericho Pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Jericho	23	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Mganduzweni pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mganduzweni	9	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Sibhulo pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Gutshwa	31	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Pedestrian Bridges in Wards 5 Bhekiswayo	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Bhekiswayo	5	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Nyongane/RDP Section pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nyongane	39	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of Shabalala Pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Shabalala	1	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Construction of a Pedestrian Bridge in Siligane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Siligane	35	R 3,500,000	R 4,000,000	R -

Public Work Road and Transport	Construction of SandRiver Internal Streets (Storm Water Management)	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Sandriver	25	R 7,000,000	R 8,000,000	R 10,000,000
Public Work Road and Transport	Entlokozeni Sewer Reticulation	Grant - Municipal Infrastructure Grant	Sanitation/Sewerage	Entlokozeni	18	R 10,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Masoyi Sports facilities	Grant - Municipal Infrastructure Grant	Community Development	Masoyi	6	R 7,000,000	R 8,000,000	R 8,000,000
Public Work Road and Transport	Upgrade of gravel roads to interlocking paving within Umjindi areas	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Umjindi	41, 42, 43, 44 & 45	R 8,000,000	R 8,000,000	R 10,000,000
Public Work Road and Transport	Main road bus stop1 to Masinga-Ntokozweni road upgrade - Phase 2	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	22	R 7,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Mountainview road upgrade	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mountain View	27	R 8,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Construction of Zwelisha Bermuda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Zwelisha	4	R 6,000,000	R 10,000,000	R -
Public Work Road and Transport	Paving of road from Lungisani Secondary School to Mdimiseni Primary School	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Chochocho	7	R 8,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Paving of road from Clau- Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road)	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Clau- Clau	10	R 8,000,000	R 10,000,000	R 5,000,000
Public Work Road and Transport	Paving of road from Shabangu street- Clau-Clau Clinic, Mgwabaratsane bus route via Ngobeni road & Vilakazi road via Magamusini to Mwayi supermarket	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Clau Clau	11	R 5,000,000	R 12,100,000	R 8,000,000
Public Work Road and Transport	Paving of Dwaleni (Sincobile) Cemetery to the new cemetery	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Dwaleni	32	R 7,000,000	R 8,000,000	R -
Public Work Road and Transport	Paving of kaMabuzza Halfway via Matangaleni to Bhuga Cemetery	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Halfway	35	R 8,000,000	R 5,000,000	R 4,000,000
Public Work Road and Transport	Elevation of the vehicle bridge and construction of a footbridge on the road linking Ext.11 and Ext.12	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Emjindini Ext 11 & 12	45	R 7,000,000	R 8,000,000	R 600,000
Public Work Road and Transport	Paving of Inyoka Corner street -Thulane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Thulane	13	R 6,000,000	R 4,000,000	R -
Public Work Road and Transport	Paving of Tsila to Thithi road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	29	R 6,000,000	R 8,000,000	R -
Public Work Road and Transport	Salubindza bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Salubindza	5	R 8,000,000	R 9,000,000	R 10,000,000
Public Work Road and Transport	MamRuby to Zwane market Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 6,000,000	R 5,000,000	R -
Public Work Road and Transport	Nkomeni to Woboka bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 7,500,000	R 10,000,000	R -
Public Work Road and Transport	Nkomeni to Thembisa bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2, 24	R 7,500,000	R 9,500,000	R -
Public Work Road and Transport	Alice Gudlani bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Nkomeni	2	R 7,183,000	R 6,000,000	R -
Public Work Road and Transport	Upgrading of Nkambule to Mkhayi bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Pienaar	22	R 9,000,000	R 11,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Zamokuhle bus route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Pienaar	22	R 6,500,000	R 8,000,000	
Public Work Road and Transport	Numbi ring road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Numbi	39	R 6,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Construction of Mbonisweni Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Mbonisweni	38	R 6,000,000	R 3,000,000	R

Public Work Road and Transport	Construction of Numbi Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Numbi	39	R 5,500,000	R 3,000,000	R -
Public Work Road and Transport	Construction of Chweni Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Chweni	34	R 4,000,000	R 6,000,000	R -
Public Work Road and Transport	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works)	Grant - Municipal Infrastructure Grant	Water Supply	Karino/Tekwane South	20, 21, 22, 23, 24,	R 15,000,000	R -	R -
Public Work Road and Transport	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (OMO Reservoir bulk water supply)	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi South	, 32, 33, 34, 35, 36	R 10,000,000	R 5,000,000	R -
Water And Sanitation	Nsikazi North Water Reticulation Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi North	1, 5, 6, 7, 9, 25, 39	R 8,000,000	R 8,000,000	R 6,000,000
Water And Sanitation	Nsikazi South water reticulation scheme	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi South	2, 4, 26, 33 & 40	R 8,000,000	R 8,000,000	R 6,000,000
Water And Sanitation	Phumlani Water Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Phumlani	14	R 12,000,000	R 8,000,000	R -
Water And Sanitation	Matsulu WTW	Grant - Municipal Infrastructure Grant	Water Supply	Matsulu	13, 27, 28	R 2,000,000	R 5,000,000	R -
Water And Sanitation	Nsikazi North bulk Water	Grant - Municipal Infrastructure Grant	Water Supply	Nsikazi North	, 5, 6, 7, 8, 9, 25 &	R 15,000,000	R -	R -
Water And Sanitation	Refurbishment and Upgrade (7.5 ML) of Rocky's Drift WWTW	Grant - Municipal Infrastructure Grant	Sanitation/Sewerage	Rocky's Drift	14	R 5,000,000	R 5,000,000	R 10,000,000
Water And Sanitation	White River Complex Reservoir 3 ML	Grant - Municipal Infrastructure Grant	Water Supply	White River	30	R 3,000,000	R -	R -
Water And Sanitation	Mhlume Sewer Reticulation	Grant - Municipal Infrastructure Grant	Sanitation/Sewerage	Kanyamazane Mhlume	19	R 2,000,000	R 5,000,000	R 10,000,000
Public Work Road and Transport	Umjindi solid waste disposal site	Grant - Municipal Infrastructure Grant	Solid waste	Umjindi	44	R 650,000	R 5,000,000	R 15,000,000
Public Work Road and Transport	Matsulu Water Reticulation	Grant - Municipal Infrastructure Grant	Water Supply	Matsulu	27	R -	R 2,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Matsulu stadium phase 2	Grant - Municipal Infrastructure Grant	Community Development	Matsulu	28	R 3,000,000	R -	R -
Public Work Road and Transport	TV Mashonamini pedestrian bridge	Grant - Municipal Infrastructure Grant	Community Development	TV Nkomeni	11	R 200,000	R 3,500,000	R 3,000,000
Public Work Road and Transport	Khulani primary foot bridge (emaswazi)	Grant - Municipal Infrastructure Grant	Community Development	Jerusalem	8	R 3,500,000	R 4,000,000	R -
Public Work Road and Transport	Upgrading of Umnyama street	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Tekatakho	32	R 6,500,000	R 1,000,000	R 5,000,000
Public Work Road and Transport	Construction of Esidungeni Vehicle bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Luphisi	24	R -	R 500,000	R 8,500,000
Public Work Road and Transport	Upgrading of Masoyi Police station to Dingindoda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Masoyi	6	R -	R 500,000	R 8,000,000
Public Work Road and Transport	Upgrading of Pennywhistle and Swan street-Kanyamazane	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kanyamazane	20	R -	R 500,000	R 10,000,000
Public Work Road and Transport	Upgrading of Mamindza Vehicle bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	26	R 200,000	R 5,000,000	R 6,000,000
Public Work Road and Transport	Upgrading of Chakaza school Via Sinda road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Chakaza school	36	R -	R 875,000	R 10,000,000
Public Work Road and Transport	Malekutu to Khumbula pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Malekutu	37	R -	R 700,000	R 10,000,000

Public Work Road and Transport	Dindela and spearville pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Speanville	44	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Sakhele café road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Malekutu	37	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Newscom to Lindani pedestrian bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mganduzweni	8	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Paving of Musa road in Makoko	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Makoko	34	R 6,000,000	R 10,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of Mhlambanyatsi Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mahushu	3	R -	R 700,000	R 15,000,000
Public Work Road and Transport	Upgrading of Mzamani Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kanyamazane	21	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Construction of Mazambaneni Vehicle Bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msogwaba	29	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Road from Khekhe to Provincial Road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Daantjie	23	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of road from Marobotini to Gedlembani	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Lehawu	40	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Upgrading of Mlambongwane road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Mlambongwane	43	R -	R 700,000	R 10,000,000
Public Work Road and Transport	Pholani School to Maseko Bus Route	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Daantjie	23	R 2,500,000	R 5,000,000	R 10,000,000
Public Work Road and Transport	Construction of Msholozhi Pedestrian Bridge	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msholozhi	14	R 200,000	R 2,500,000	R 15,000,000
Public Work Road and Transport	Upgrading of OR Tambo road at Msholozhi	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Msholozhi	15	R 200,000	R 5,000,000	R 15,000,000
Public Work Road and Transport	Upgrading of Violet street- Ward 13	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater		13	R 200,000	R 5,000,000	R 10,000,000
Public Work Road and Transport	Upgrading of KaPro to Methodist Church Street	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Kamaporo	33	R 6,500,000	R 6,000,000	R 4,000,000
Energy	Installation of Highmast in various wards	Grant - Municipal Infrastructure Grant	Electrification	All	All	R 10,000,000	R 5,000,000	R -
Public Work Road and Transport	Construction of Nkululeko circuit road	Grant - Municipal Infrastructure Grant	Roads Infrastructure Development and Stormwater	Matsulu	27	R 2,500,000	R 6,000,000	R 3,262,000
<b>Sub - Total Municipal Infrastructure Grant</b>						<b>R331,383,000</b>	<b>R361,975,000</b>	<b>R 384,362,000</b>
City Planning and Development	Upgrade of Luphisi Kabokweni and Plaston Road - Neighbourhood Programme	Grant - Neighbourhood Development Programme Grant	Roads Infrastructure Development and Stormwater	Kabokweni, Plaston and	11,32,33,36,38,40	R 2,500,000	R 10,000,000	R 10,000,000
<b>Sub - Total Neighbourhood Development Programme</b>						<b>R 2,500,000</b>	<b>R 10,000,000</b>	<b>R 10,000,000</b>
Water And Sanitation	Nsikazi North Bulk Water Supply Phase 2			Northern Region	,39,5,6,7,9,8,35,3	R -	R -	R 231,270,000
<b>Sub - Total Regional Bulk Water Infrastructure Grant</b>						<b>R -</b>	<b>R -</b>	<b>R 231,270,000</b>
Corporate Services	NewUpg Server & Network Infrastructure	Internal Funding	Good Governance	Institutional	Institutional	R 1,500,000	R -	R -
Corporate Services	New / Upgrade End User Equipment	Internal Funding	Good Governance	Institutional	Institutional	R 1,600,000	R -	R -

Financial Services	Furniture And Equipment	Internal Funding	Good Governance	Institutional	Institutional	R 4,000,000	R -	R -
Public Work Road And Transport	Umjindi Ext 15 - 19	Internal Funding	Roads Infrastructure Development and Stormwater	Umjindi Ext 15-19	41, 45	R 12,000,000	R 14,000,000	R -
Water And Sanitation	Refurbishment of Saddleback Tunnel	Internal Funding	Water Supply	Barberton	42	R 500,000	R 3,000,000	R 3,000,000
Water And Sanitation	Refurbishment And Upgrade Of Telkom Pump Station And Hazyview WWTW	Internal Funding	Sanitation/Sewerage	Hazyview	1	R 2,000,000	R -	R -
Water And Sanitation	Drilling Of Boreholes	Internal Funding	Water Supply	Disaster Affected Wards	Disaster Affected areas	R 1,000,000	R -	R -
Water And Sanitation	Borehole Augmentation Schemes	Internal Funding	Water Supply	Disaster Affected Wards	Disaster Affected areas	R 3,000,000	R -	R -
Water And Sanitation	Additional 3.5 ML Reservoir in Hazyview	Internal Funding	Water Supply	Hazyview	1	R 2,500,000	R 7,000,000	R -
Water And Sanitation	Kamadakwa Water House Connections	Internal Funding	Water Supply	Kamadakwa	41	R 100,000		R -
Water And Sanitation	Verulam Sewer Connections	Internal Funding	Water Supply	Verulam	43	R 1,000,000	R 1,000,000	R 1,500,000
Water And Sanitation	Country Estate, White River package plant	Internal Funding	Water Supply	Country Estate	8	R 1,000,000	R 2,500,000	R 4,000,000
Water And Sanitation	Procurement of Plant and Equipment	Internal Funding	Water Supply	Institutional	Institutional	R -	R 5,000,000	R 10,000,000
Water And Sanitation	Refurbishment of Kanyamazane WTW	Internal Funding	Water Supply	Eastern & Central region	19	R -	R 2,500,000	R 3,000,000
Water And Sanitation	Site establishments, Drilling boreholes, refurbishing boreholes	Internal Funding	Water Supply	Institutional	1,4,14,35,37,32,34	R -	R -	R 3,500,000
Water And Sanitation	Augmentation Schemes, Connections to Storage Tanks & Networks Extensions	Internal Funding	Water Supply	Institutional	Institutional	R -	R -	R 5,000,000
Water And Sanitation	Refurbishment and Upgrade of Telkom Pump Station and Hazyview WWTW	Internal Funding	Sanitation/Sewerage	Hazyview	1	R -	R -	R 2,500,000
Water And Sanitation	Refurbishment of Kanyamazane WTW	Internal Funding	Water Supply	kanyamazane	18	R -	R -	R 3,000,000
Water And Sanitation	Refurbishment of White River Water Treatment Works	Internal Funding	Water Supply	White River	30	R -	R -	R 4,000,000
Water And Sanitation	Refurbishment of White River Waste Water Treatment Works	Internal Funding	Sanitation/Sewerage	White River	30	R -	R -	R 4,000,000
Water And Sanitation	Pipe Replacement (AC, Steel etc.)	Internal Funding	Water Supply	White River, Kabokweni,	1, 30,33,42,	R -	R -	R 2,000,000
Water And Sanitation	Upgrade of Outfall Sewer Lines (Crocodile Farm)	Internal Funding	Sanitation/Sewerage	Barberton	42	R -	R -	R 1,000,000
Water And Sanitation	Refurbishment Rimers Water Treatment Works	Internal Funding	Water Supply	Barberton	42	R -	R -	R 500,000
Water And Sanitation	Refurbishment of Suidkaap Water Treatment Works	Internal Funding	Water Supply	Barberton	42	R -	R -	R 3,000,000
Water And Sanitation	Fencing of Reservoirs	Internal Funding	Water Supply	Institutional	Institutional	R -	R -	R 4,000,000
Water And Sanitation	Implementation of Rural Sanitation	Internal Funding	Sanitation/Sewerage	Institutional	All Wards	R -	R -	R 500,000

Water And Sanitation	White River Nootgedaght Reservoir	Internal Funding	Water Supply	White River	30	R	-	R	-	R	500,000
Water And Sanitation	Investigation of Bulk Water Storage (Dam) in Mbombela, Barberton	Internal Funding	Water Supply	Institutional	Barberton; Mbombela	R	-	R	-	R	1,000,000
Water And Sanitation	White River Colts Hill Outfall Sewer	Internal Funding	Sanitation/Sewerage	White River	30	R	-	R	-	R	500,000
Water And Sanitation	White River Augmentation Scheme (Pumps & reservoirs upgrade)	Internal Funding	Water Supply	White River	30	R	-	R	-	R	500,000
Energy	Procurement of Fleet (8 LDV's & Cherry Picker)	Internal Funding	Electricity Supply and Management	Mbombela	Institutional	R	4,000,000	R	-	R	2,000,000
Energy	Procurement of Crane Truck	Internal Funding	Electricity Supply and Management	Mbombela	12,14,15,16,17	R	2,000,000	R	-	R	1,500,000
Energy	132/11kv Montana 2x20mva sub (cr)	Internal Funding	Electricity Supply and Management	Mbombela	12, 14, 15, 16, 17	R	-	R	-	R	500,000
Energy	Construction of 132 KV line : Matsafeni - Marathon link	Internal Funding	Electricity Supply and Management	Matsafeni	14	R	-	R	10,000,000	R	16,000,000
Public Work Road And Transport	Legogote PT Facility	Internal Funding	Roads Infrastructure Development and Stormwater	Legogote	6	R	12,000,000	R	-	R	-
Regional Centre Co-ordination	Installation of Aircons (CR)	Internal Funding	Good Governance	Institutional	institutional	R	400,000	R	-	R	-
Community Services	Establishment of Tekwane Cemetery	Internal Funding	Community Development	Tekwane South	18	R	2,000,000				
Community Services	Fencing of Tekwane Cemetery	Internal Funding	Community Development	Tekwane South	18	R	500,000				
Community Services	Establishment of Nkambeni Regional Cemetery	Internal Funding	Community Development	Sandriver	25	R	3,000,000	R	3,500,000	R	-
Water And Sanitation	Refurbishment Umjindi Waste Water Treatment Works	Internal Funding	Sanitation/Sewerage	uMjindi	43	R	6,000,000	R	-	R	-
						R	60,100,000	R	48,500,000	R	77,000,000
<b>Internal Funding</b>											
<b>Total Capital Budget</b>						R	438,444,000	R	457,475,000	R	740,632,000

## 1.7 ANNUAL BUDGET TABLES – PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the City's 2020/2021 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

MP326 City of Mbombela - Table A1 Budget Summary										
Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Financial Performance</b>										
Property rates	-	466,134	631,719	642,360	642,360	642,360	548,250	721,056	778,740	841,040
Service charges	-	1,088,910	1,241,828	1,384,977	1,384,977	1,384,977	1,129,178	1,444,645	1,543,005	1,648,084
Investment revenue	-	8,581	7,383	6,329	6,329	6,329	4,168	5,413	5,413	5,413
Transfers recognised - operational	-	776,204	816,078	733,561	733,561	733,561	732,158	801,432	874,906	951,779
Other own revenue	-	138,129	148,868	97,340	306,504	306,504	88,404	126,439	128,173	130,011
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,098,986	3,330,238	3,576,327
Employee costs	-	793,706	936,949	1,010,483	1,010,430	1,010,430	872,574	1,031,256	1,103,443	1,186,202
Remuneration of councillors	-	38,422	39,466	43,865	58,865	58,865	32,535	45,011	47,261	49,624
Depreciation & asset impairment	-	502,874	506,580	545,585	515,498	515,498	423,215	516,567	526,898	547,974
Finance charges	-	66,272	90,665	45,677	45,677	45,677	13,919	27,978	26,346	19,422
Materials and bulk purchases	-	753,528	796,644	893,674	793,158	793,158	689,994	868,256	907,416	977,898
Transfers and grants	-	31,912	40,205	32,670	6,490	6,490	5,081	2,080	1,320	1,320
Other expenditure	-	922,756	1,064,698	677,973	793,020	793,020	622,306	587,287	545,058	495,588
<b>Total Expenditure</b>	-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,078,434	3,157,742	3,278,029
<b>Surplus/(Deficit)</b>	-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	20,552	172,496	298,298
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	443,780	418,601	582,682	669,482	669,482	393,220	378,344	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	-	3,242	11,148	-	-	-	187	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	(184,490)	(199,583)	197,322	520,074	520,074	235,942	398,896	581,471	961,930
Share of surplus/ (deficit) or associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	(184,490)	(199,583)	197,322	520,074	520,074	235,942	398,896	581,471	961,930
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	100,123	153,181	682,362	774,543	774,543	399,875	438,444	457,475	740,632
Transfers recognised - capital	-	87,462	81,736	580,682	677,482	677,482	366,685	378,344	408,975	663,632
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	5,320	75,850	101,680	97,061	97,061	33,190	60,100	48,500	77,000
<b>Total sources of capital funds</b>	-	92,782	157,586	682,362	774,543	774,543	399,875	438,444	457,475	740,632
<b>Financial position</b>										
Total current assets	-	449,378	571,500	707,018	862,022	862,022	720,236	932,825	991,867	1,026,397
Total non current assets	-	7,567,820	7,543,170	7,880,130	7,972,311	7,972,311	7,519,874	7,630,828	7,649,859	7,933,016
Total current liabilities	-	1,733,242	2,087,429	989,855	1,098,105	1,098,105	2,000,147	1,109,415	1,060,780	962,172
Total non current liabilities	-	595,904	616,071	528,817	1,350,893	1,350,893	591,114	528,817	502,870	470,539
Community wealth/Equity	-	4,674,790	5,411,169	7,068,475	6,698,086	6,698,086	5,645,683	6,925,420	7,078,076	7,526,702
<b>Cash flows</b>										
Net cash from (used) operating	-	560,280	503,917	635,595	667,242	667,242	667,242	739,323	578,111	829,011
Net cash from (used) investing	-	(481,753)	(435,106)	(614,126)	(615,119)	(615,119)	(615,119)	(438,444)	(457,475)	(740,632)
Net cash from (used) financing	-	(8,489)	(36,663)	(29,971)	(29,971)	(29,971)	(29,971)	(56,528)	(58,201)	(60,000)
<b>Cash/cash equivalents at the year end</b>	-	93,903	126,051	86,698	148,202	148,202	148,202	392,553	454,988	483,367
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	111,284	126,051	86,698	148,202	148,202	139,291	392,553	454,988	483,367
Application of cash and investments	-	1,238,693	1,483,772	207,682	219,815	219,815	1,040,905	389,007	344,007	232,943
<b>Balance - surplus (shortfall)</b>	-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	3,546	110,981	250,424
<b>Asset management</b>										
Asset register summary (WDV)	-	6,343,684	6,469,294	7,880,130	7,972,311	7,972,311	7,972,311	7,630,828	7,649,859	7,933,016
Depreciation	-	502,874	506,580	545,585	515,498	515,498	515,498	516,567	526,898	547,974
Renewal and Upgrading of Existing Assets	-	29,299	32,419	223,557	333,448	333,448	333,448	105,000	118,075	462,770
Repairs and Maintenance	-	41,568	3,902	14,657	9,847	9,847	9,847	61,639	55,475	45,837
<b>Free services</b>										
Cost of Free Basic Services provided	-	153,887	162,070	170,079	170,079	170,079	178,557	178,557	185,839	193,396
Revenue cost of free services provided	-	418,532	482,215	269,690	269,690	269,690	288,454	288,454	305,007	319,031
<b>Households below minimum service level</b>										
Water:	-	37	37	37	37	37	37	37	37	37
Sanitation/sewage:	-	18	18	18	18	18	18	18	18	18
Energy:	-	16	16	16	16	16	16	16	16	16
Refuse:	-	142	142	142	142	142	142	142	142	142

## Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the City's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - (b) Capital expenditure is balanced by capital funding sources, of which;
    - (i) Transfers recognized are reflected on the Financial Performance Budget;
    - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
    - (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the City's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the City continues to increase while the revenue cost continues to decrease for the MTREF.

## Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

MP326 City of Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		–	1,163,393	1,375,736	1,433,068	1,462,576	1,462,576	921,934	992,734	1,066,309
Executive and council		–	403	70	951	951	951	738	738	738
Finance and administration		–	1,162,990	1,375,666	1,432,117	1,461,625	1,461,625	921,195	991,995	1,065,571
Internal audit		–	–	–	0	0	0	0	0	0
<i><b>Community and public safety</b></i>		–	8,342	29,471	9,984	10,184	10,184	8,975	8,975	8,975
Community and social services		–	1,589	12,917	907	1,107	1,107	853	853	853
Sport and recreation		–	4,036	8,064	1,538	1,538	1,538	1,160	1,160	1,160
Public safety		–	2,717	8,489	7,539	7,539	7,539	6,962	6,962	6,962
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>		–	588,310	593,340	579,816	846,072	846,072	348,454	382,302	635,959
Planning and development		–	543,064	547,751	578,801	646,841	646,841	343,240	377,088	630,745
Road transport		–	45,246	45,589	1,014	199,230	199,230	5,214	5,214	5,214
Environmental protection		–	–	–	0	0	0	0	0	0
<i><b>Trading services</b></i>		–	1,164,935	1,277,078	1,424,381	1,424,381	1,424,381	2,197,968	2,355,203	2,528,716
Energy sources		–	912,852	1,027,126	1,154,044	1,154,044	1,154,044	1,358,181	1,447,998	1,548,814
Water management		–	124,022	106,922	115,954	115,954	115,954	369,108	397,547	428,821
Waste water management		–	27,229	21,874	23,826	23,826	23,826	191,186	208,234	226,554
Waste management		–	100,831	121,157	130,556	130,556	130,556	279,494	301,424	324,526
<i><b>Other</b></i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	–	2,924,980	3,275,625	3,447,249	3,743,213	3,743,213	3,477,330	3,739,213	4,239,959
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		–	793,577	852,857	705,478	710,595	710,595	616,189	624,957	685,882
Executive and council		–	191,877	129,997	154,914	152,727	152,727	119,195	123,103	127,814
Finance and administration		–	597,288	711,371	541,158	547,611	547,611	486,551	491,648	548,241
Internal audit		–	4,411	11,489	9,407	10,258	10,258	10,443	10,207	9,827
<i><b>Community and public safety</b></i>		–	304,352	311,770	423,028	462,744	462,744	295,429	299,754	299,989
Community and social services		–	44,426	45,708	69,354	75,610	75,610	50,081	52,310	54,748
Sport and recreation		–	161,464	159,948	197,145	227,238	227,238	114,629	115,081	114,749
Public safety		–	75,118	95,597	143,384	145,452	145,452	119,852	121,040	118,645
Housing		–	23,344	10,517	13,144	14,443	14,443	10,866	11,323	11,847
Health		–	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>		–	514,101	561,923	452,958	481,234	481,234	421,582	484,172	579,808
Planning and development		–	315,590	91,654	169,078	159,746	159,746	100,038	101,054	137,306
Road transport		–	185,239	451,577	275,147	305,172	305,172	313,726	375,602	435,405
Environmental protection		–	13,272	18,692	8,734	16,315	16,315	7,819	7,517	7,097
<i><b>Trading services</b></i>		–	1,484,184	1,734,185	1,634,905	1,536,237	1,536,237	1,723,254	1,725,431	1,687,262
Energy sources		–	793,890	909,903	946,116	868,874	868,874	984,796	1,031,225	1,015,188
Water management		–	239,535	450,640	304,170	294,645	294,645	315,225	314,362	314,198
Waste water management		–	141,171	25,508	143,042	126,509	126,509	117,480	61,643	52,904
Waste management		–	309,587	348,134	241,577	246,209	246,209	305,753	318,202	304,971
<i><b>Other</b></i>	4	–	13,257	14,474	33,557	32,328	32,328	21,980	23,428	25,088
<b>Total Expenditure - Functional</b>	3	–	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	3,078,434	3,157,742	3,278,029
<b>Surplus/(Deficit) for the year</b>		–	(184,490)	(199,583)	197,322	520,074	520,074	398,896	581,471	961,930

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and it does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the City will be

undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

### Explanatory notes Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

MP326 City of Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Council		–	(6)	(2)	6	6	6	6	7	7
Vote 02 - Office Of Council		–	–	–	653	653	653	653	718	790
Vote 03 - Municipal Manager		–	6,349	8,150	9,248	9,248	9,248	9,248	10,074	10,986
Vote 04 - City Planning And Development Department		–	13,005	11,848	28,151	9,391	9,391	28,151	30,966	34,062
Vote 05 - Corporate Services Department		–	1,857	659	658	658	658	658	724	797
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	1,158,232	1,373,106	1,428,589	1,458,097	1,458,097	1,458,670	1,575,166	1,905,528
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	106,456	142,139	133,002	133,202	133,202	133,002	143,595	155,181
Vote 11 - Public Works, Roads And Transport		–	536,208	537,808	553,508	640,308	640,308	553,508	592,246	647,727
Vote 12 - Public Safety		–	44,715	54,074	8,565	206,781	206,781	8,565	9,422	10,364
Vote 13 - Water And Sanitation		–	145,311	120,718	130,824	130,824	130,824	130,824	141,198	152,536
Vote 14 - Energy		–	912,852	1,027,126	1,154,044	1,154,044	1,154,044	1,154,044	1,235,098	1,321,980
Vote 15 - Other		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	–	<b>2,924,980</b>	<b>3,275,625</b>	<b>3,447,249</b>	<b>3,743,213</b>	<b>3,743,213</b>	<b>3,477,330</b>	<b>3,739,213</b>	<b>4,239,959</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 01 - Council		–	119,545	54,494	70,876	65,534	65,534	70,876	72,528	74,904
Vote 02 - Office Of Council		–	22,092	25,280	28,706	25,130	25,130	28,706	28,995	29,624
Vote 03 - Municipal Manager		–	93,259	221,688	113,003	108,199	108,199	113,003	113,249	116,181
Vote 04 - City Planning And Development Department		–	308,603	74,111	118,333	111,492	111,492	118,333	120,687	124,779
Vote 05 - Corporate Services Department		–	197,741	158,055	163,338	154,041	154,041	163,338	163,030	165,122
Vote 06 - Strategic Management Services		–	32,357	36,395	41,498	39,438	39,438	41,498	42,786	44,454
Vote 07 - Financial Management		–	263,221	402,761	244,260	227,296	227,296	244,260	249,380	255,325
Vote 08 - Legal Services		–	5,444	9,949	2,623	14,429	14,429	2,623	2,346	2,204
Vote 09 - Regional Centre Coordination		–	20,019	28,952	22,445	32,579	32,579	22,445	21,821	21,834
Vote 10 - Community Services		–	465,098	510,216	472,771	496,486	496,486	472,771	493,339	520,538
Vote 11 - Public Works, Roads And Transport		–	239,038	443,127	408,461	365,418	365,418	408,461	433,498	446,085
Vote 12 - Public Safety		–	181,813	209,690	275,944	335,318	335,318	275,944	285,740	295,394
Vote 13 - Water And Sanitation		–	367,349	390,587	344,726	323,468	323,468	344,726	346,638	354,705
Vote 14 - Energy		–	793,890	909,903	942,942	900,282	900,282	771,450	783,704	826,880
Vote 15 - Other		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	–	<b>3,109,470</b>	<b>3,475,208</b>	<b>3,249,926</b>	<b>3,199,109</b>	<b>3,199,109</b>	<b>3,078,434</b>	<b>3,157,742</b>	<b>3,278,029</b>
<b>Surplus/(Deficit) for the year</b>	2	–	<b>(184,490)</b>	<b>(199,583)</b>	<b>197,322</b>	<b>544,104</b>	<b>544,104</b>	<b>398,896</b>	<b>581,471</b>	<b>961,930</b>

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

### Explanatory notes to Table A4 –

### Budgeted Financial Performance (revenue and expenditure)

The detailed draft operating revenue and expenditure budget for 2020/2021 – 2022/2023 budget and medium-term revenue and expenditure framework is as follows;

MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	–	466 134	631 719	642 360	642 360	642 360	642 360	721 056	778 740	841 040
Service charges - electricity revenue	2	–	872 307	995 106	1 119 104	1 119 104	1 119 104	1 119 104	1 168 123	1 249 892	1 337 384
Service charges - water revenue	2	–	88 654	103 692	111 491	111 491	111 491	111 491	111 467	118 154	125 244
Service charges - sanitation revenue	2	–	27 222	21 873	23 826	23 826	23 826	23 826	24 930	26 426	28 012
Service charges - refuse revenue	2	–	100 727	121 157	130 556	130 556	130 556	130 556	140 125	148 533	157 445
Rental of facilities and equipment		–	9 878	11 676	8 464	8 464	8 464	8 464	6 371	6 371	6 371
Interest earned - external investments		–	8 581	7 383	6 329	6 329	6 329	6 329	5 413	5 413	5 413
Interest earned - outstanding debtors		–	42 909	27 028	27 345	37 345	37 345	37 345	36 651	36 651	36 651
Dividends received						–	–	–			
Fines, penalties and forfeits		–	6 629	10 321	8 099	8 099	8 099	8 099	7 497	7 497	7 497
Licences and permits		–	3 197	3 261	–	6 256	6 256	6 256	4 479	4 479	4 479
Agency services		–	38 796	42 317	–	192 000	192 000	192 000	–	–	–
Transfers and subsidies		–	776 204	816 078	733 561	733 561	733 561	733 561	801 432	874 906	951 779
Other revenue	2	–	36 720	54 264	53 432	54 340	54 340	54 340	71 443	73 176	75 014
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	<b>2 477 958</b>	<b>2 845 876</b>	<b>2 864 567</b>	<b>3 073 731</b>	<b>3 073 731</b>	<b>3 073 731</b>	<b>3 098 986</b>	<b>3 330 238</b>	<b>3 576 327</b>
<b>Expenditure By Type</b>											
Employee related costs	2	–	793 706	936 949	1 010 483	1 010 430	1 010 430	1 010 430	1 031 256	1 103 443	1 186 202
Remuneration of councillors		–	38 422	39 466	43 865	42 865	42 865	42 865	45 011	47 261	49 624
Debt impairment	3	–	160 305	192 920	106 974	99 023	99 023	99 023	108 607	116 496	123 957
Depreciation & asset impairment	2	–	502 874	506 580	545 585	515 498	515 498	515 498	516 567	526 898	547 974
Finance charges		–	66 272	90 665	45 677	45 677	45 677	45 677	27 978	26 346	19 422
Bulk purchases	2	–	706 812	746 300	839 462	808 485	808 485	808 485	830 796	873 701	949 241
Other materials	8	–	46 715	50 344	54 212	43 942	43 942	43 942	37 460	33 714	28 657
Contracted services		–	518 854	627 515	406 824	429 002	429 002	429 002	315 260	281 484	239 261
Transfers and subsidies		–	31 912	40 205	32 670	5 120	5 120	5 120	2 080	1 320	1 320
Other expenditure	4, 5	–	240 049	244 059	164 175	199 067	199 067	199 067	163 420	147 078	132 370
Loss on disposal of PPE		–	3 548	204	–	–	–	–	–	–	–
<b>Total Expenditure</b>		–	<b>3 109 470</b>	<b>3 475 208</b>	<b>3 249 926</b>	<b>3 199 109</b>	<b>3 199 109</b>	<b>3 199 109</b>	<b>3 078 434</b>	<b>3 157 742</b>	<b>3 278 029</b>
<b>Surplus/(Deficit)</b>		–	<b>(631 512)</b>	<b>(629 333)</b>	<b>(385 360)</b>	<b>(125 378)</b>	<b>(125 378)</b>	<b>(125 378)</b>	<b>20 552</b>	<b>172 496</b>	<b>298 298</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	443 780	429 750	582 682	669 482	669 482	669 482	378 344	408 975	663 632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	3 242	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		–	<b>(184 490)</b>	<b>(199 583)</b>	<b>197 322</b>	<b>544 104</b>	<b>544 104</b>	<b>544 104</b>	<b>398 896</b>	<b>581 471</b>	<b>961 930</b>

The impact of the main operating expenditure drivers on the draft budget is follows as;

- (k) The remuneration cost, excluding councilor's allowances will amount to R1 031 billion in 2020/2021 financial year showing and increase of 2 percent compared to an amount of R1 010 billion in 2019/2020. The remuneration cost constitutes 34 percent of the total operating expenditure for 2020/2021. The remuneration cost will increase to R1 103 billion in 2021/2022 and to R1 186 billion in 2022/2023 financial year.
- (l) Councilor's remuneration will amount to R45 million in 2020/2021 financial year indicating a 5 percent increase compared to R43 million in 2019/2020 it will further increase to R47 million and R50 million respectively in 2021/2022 and 2022/2023. This constitutes 1.5 percent to the total operating expenditure budget.

- (m) The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R831 million in 2020/2021 due to an average increase of 6.9 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2020 and bulk water increase of 4.5 percent. The bulk purchase expenditure makes up 27 percent of the total operating expenditure budget.
- (n) Dept impairment will increase by R10 million or 9.7 percent to R109 million in 2020/2021 from R99 million in 2019/2020 this represents 4 percent of the total operating expenditure.
- (o) The depreciation cost will be R517 million showing and increase of 0.21 percent the depreciation cost makes up 17 percent of the total operating expenditure and is about 6.35 percent of the total assets carrying value of R8 136 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.
- (p) Contracted services will decrease by 27 percent or R114 million from R429 million in 2019/2020 to R315 million in 2020/2021 in response to the call by National Treasury to reduce the cost of running the city using external service providers in non - specialised services by using internal resources, this accounts for 10 percent of the total operating expenditure budget.
- (q) Finance charges will decrease by 39 percent or R18 million from R46 million in 2019/2020 to R28 million in 2020/2021 this accounts for 0.91 percent of the total operating expenditure budget. The City is implementing daily cash flow management and monitoring in order to reduce the interest charged for late payment of suppliers.
- (r) Other Materials will decrease by 15 percent or R6 million from R44 million in 2019/2020 to R38 million in 2020/2021 this was done as part of the cost containment measures to curb the expenditure this accounts for 0.91 percent of the total operating expenditure budget.
- (s) Other Expenditure will decrease by 18 percent or R36 million from R199 million in 2019/2020 to R163 million in 2020/2021 financial year which makes up 5.31 percent of the total operating expenditure it will further decrease to R132 million over the medium term the decrease is due to implementation of the cost curtailment measures applied in line with National Treasury directive and the cost containment measures as regulated.
- (t) Transfers and grants will decrease by R3 million or 59 percent to R2 million in 2020/2021 from R5 million in 2019/2020 this represents 0.07 percent of the total operating expenditure the huge decline is as a results of the reclassification of the expenditure from transfers and grants to contracted services.

The main operating revenue streams impact on the draft budget is as follows;

- (i) The municipality will receive most of its revenue from services charge (electricity, water, sewerage and refuse removal services) amounting to R1 445 billion in 2020/2021 indicating an increase of R60 million or 4.3 percent compared to R1 385 billion in 2019/2020 financial year and further increase to R1 648 billion over the medium-term. The revenue from services charge makes up 47 percent of the operating revenue budget.
- (j) The revenue from property rates will increase to an amount of R721 million in 2020/2021 from an amount of R642 million in 2019/2020 after taking into account income foregone due to rates rebates in terms of the rates policies and increases to R841 million over the medium-term. The property rates revenue contributes about 23 percent of the total operating revenue budget. The increase in the rates revenue takes into account the projected growth and the increased revenue base.
- (k) Agency Services will decrease by 100 percent due to the function taken back to the Provincial Government during the month of April 2020.
- (l) Interest Earned on investments will decrease by 15 percent or R915 thousand to an amount of R5 million 2020/2021 financial year from an amount of R6 million in 2019/2020 financial year.
- (m) Licenses and Permits will decrease by 28 percent or R1.7 million to an amount of R4.5 million in 2020/2021 from an amount of R6.3 million in 2019/2020 financial year.
- (n) Other Income will decrease by 22 percent or R11 million to an amount of R43 million in 2020/2021 from an amount of R54 million in 2019/2020 financial year.
- (o) Rentals of facilities will decrease by 25 percent or R2.1 million to an amount of R6.4 million in 2020/2021 financial year from an amount of R8.4 million in 2019/2020 financial year.
- (p) Operating grants allocation comprising of equitable share and other grants will increase by 9.25 percent or R68 million to an amount of R801 million in 2020/2021 financial year compared to R734 million in 2019/2020 financial year and will increase to R952 million over the medium term this contributes 26 percent to the total operating revenue budget in 2020/2021.

#### **Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure - to be appropriated</b>	<b>2</b>										
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	–	–	–	–	–	–	–
Vote 03 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 04 - City Planning And Development Department		–	–	19,444	–	–	–	–	–	–	–
Vote 05 - Corporate Services Department		–	–	–	–	–	–	–	–	–	–
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	–	–	–	912	912	912	–	–	–
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	–	–	2,500	2,200	2,200	2,200	2,500	3,000	3,500
Vote 11 - Public Works, Roads And Transport		–	–	7,286	286,323	372,807	372,807	372,807	42,405	125,656	399,291
Vote 12 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water And Sanitation		–	–	4,386	47,674	76,869	76,869	76,869	47,674	38,000	10,000
Vote 14 - Energy		–	–	(2,567)	13,340	16,391	16,391	16,391	13,340	19,490	23,490
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	–	–	<b>28,549</b>	<b>349,837</b>	<b>469,178</b>	<b>469,178</b>	<b>469,178</b>	<b>105,919</b>	<b>186,146</b>	<b>436,281</b>
<b>Single-year expenditure - to be appropriated</b>	<b>2</b>										
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	280	830	830	830	280	–	–
Vote 03 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 04 - City Planning And Development Department		–	(6,675)	(18,698)	18,000	–	–	–	18,000	33,803	40,000
Vote 05 - Corporate Services Department		–	1,721	955	23,900	7,782	7,782	7,782	23,900	25,000	26,000
Vote 06 - Strategic Management Services		–	306	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	6,007	17,171	14,000	700	700	700	14,000	–	–
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	163	404	1,400	1,400	1,400	1,400	1,400	–	–
Vote 10 - Community Services		–	915	2,600	6,400	6,717	6,717	6,717	6,400	5,000	6,000
Vote 11 - Public Works, Roads And Transport		–	37,918	98,244	169,175	166,164	166,164	166,164	169,175	121,316	114,641
Vote 12 - Public Safety		–	333	–	200	5,902	5,902	5,902	200	–	–
Vote 13 - Water And Sanitation		–	39,883	20,787	61,000	79,851	79,851	79,851	61,000	40,000	80,000
Vote 14 - Energy		–	19,551	3,168	38,170	26,019	26,019	26,019	38,170	46,210	37,710
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>		–	<b>100,123</b>	<b>124,632</b>	<b>332,525</b>	<b>295,366</b>	<b>295,366</b>	<b>295,366</b>	<b>332,525</b>	<b>271,329</b>	<b>304,351</b>
<b>Total Capital Expenditure - Vote</b>		–	<b>100,123</b>	<b>153,181</b>	<b>682,362</b>	<b>764,543</b>	<b>764,543</b>	<b>764,543</b>	<b>438,444</b>	<b>457,475</b>	<b>740,632</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		–	<b>8,198</b>	<b>18,530</b>	<b>39,580</b>	<b>12,624</b>	<b>12,624</b>	<b>12,624</b>	<b>39,580</b>	<b>25,000</b>	<b>26,000</b>
Executive and council		–	–	–	280	830	830	830	280	–	–
Finance and administration		–	8,198	18,530	39,300	11,794	11,794	11,794	39,300	25,000	26,000
Internal audit		–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		–	<b>1,248</b>	<b>1,844</b>	<b>56,100</b>	<b>34,420</b>	<b>34,420</b>	<b>34,420</b>	<b>56,100</b>	<b>24,892</b>	<b>58,500</b>
Community and social services		–	281	405	38,200	25,457	25,457	25,457	38,200	18,000	58,500
Sport and recreation		–	672	1,439	17,900	8,963	8,963	8,963	17,900	6,892	–
Public safety		–	295	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		–	<b>29,197</b>	<b>96,424</b>	<b>386,069</b>	<b>456,146</b>	<b>456,146</b>	<b>456,146</b>	<b>142,151</b>	<b>208,883</b>	<b>443,932</b>
Planning and development		–	(6,675)	4,405	90,518	46,626	46,626	46,626	90,518	152,092	66,000
Road transport		–	35,872	92,019	295,551	409,520	409,520	409,520	51,633	56,791	377,932
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		–	<b>61,480</b>	<b>40,041</b>	<b>200,613</b>	<b>261,353</b>	<b>261,353</b>	<b>261,353</b>	<b>200,613</b>	<b>198,700</b>	<b>212,200</b>
Energy sources		–	19,551	601	51,510	42,410	42,410	42,410	51,510	65,700	61,200
Water management		–	38,483	19,873	112,174	160,401	160,401	160,401	112,174	95,000	100,000
Waste water management		–	3,446	18,810	32,229	57,153	57,153	57,153	32,229	23,000	20,000
Waste management		–	–	757	4,700	1,389	1,389	1,389	4,700	15,000	31,000
<b>Other</b>		–	–	<b>746</b>	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	–	<b>100,123</b>	<b>157,586</b>	<b>682,362</b>	<b>764,543</b>	<b>764,543</b>	<b>764,543</b>	<b>438,444</b>	<b>457,475</b>	<b>740,632</b>
<b>Funded by:</b>											
National Government		–	87,462	81,736	572,682	659,482	659,482	659,482	378,344	408,975	663,632
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	8,000	8,000	8,000	8,000	–	–	–
<b>Transfers recognised - capital</b>	<b>4</b>	–	<b>87,462</b>	<b>81,736</b>	<b>580,682</b>	<b>667,482</b>	<b>667,482</b>	<b>667,482</b>	<b>378,344</b>	<b>408,975</b>	<b>663,632</b>
<b>Borrowing</b>	<b>6</b>	–	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		–	12,661	75,850	101,680	97,061	97,061	97,061	60,100	48,500	77,000
<b>Total Capital Funding</b>	<b>7</b>	–	<b>100,123</b>	<b>157,586</b>	<b>682,362</b>	<b>764,543</b>	<b>764,543</b>	<b>764,543</b>	<b>438,444</b>	<b>457,475</b>	<b>740,632</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

MP326 City of Mbombela - Table A6 Budgeted Financial Position											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash	1	–	83,671	104,822	86,698	148,202	148,202	111,619	392,553	454,988	483,367
Call investment deposits		–	9,216	21,229	–	–	–	27,672	–	–	–
Consumer debtors		–	258,610	298,936	421,465	514,965	514,965	343,934	286,474	275,467	273,776
Other debtors		–	78,284	118,693	174,883	174,883	174,883	205,140	228,628	235,486	242,551
Current portion of long-term receivables		–	495	676	4,519	4,519	4,519	673	4,745	4,887	5,034
Inventory	2	–	19,101	27,145	19,453	19,453	19,453	31,198	20,425	21,038	21,669
<b>Total current assets</b>		–	<b>449,378</b>	<b>571,500</b>	<b>707,018</b>	<b>862,022</b>	<b>862,022</b>	<b>720,236</b>	<b>932,825</b>	<b>991,867</b>	<b>1,026,397</b>
<b>Non current assets</b>											
Long-term receivables	3	–	3,793	2,532	–	–	–	2,568	–	–	–
Investments		–	18,398	0	–	–	–	0	–	–	–
Investment property		–	332,431	330,446	332,431	332,431	332,431	328,686	330,446	330,446	330,446
Investment in Associate											
Property, plant and equipment		–	7,195,800	7,193,413	7,495,271	7,617,570	7,617,570	7,172,460	7,279,474	7,301,605	7,584,762
Biological											
Intangible		–	15,097	14,477	50,126	20,008	20,008	13,856	18,606	15,506	15,506
Other non-current assets		–	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302
<b>Total non current assets</b>		–	<b>7,567,820</b>	<b>7,543,170</b>	<b>7,880,130</b>	<b>7,972,311</b>	<b>7,972,311</b>	<b>7,519,874</b>	<b>7,630,828</b>	<b>7,649,859</b>	<b>7,933,016</b>
<b>TOTAL ASSETS</b>		–	<b>8,017,198</b>	<b>8,114,669</b>	<b>8,587,147</b>	<b>8,834,333</b>	<b>8,834,333</b>	<b>8,240,109</b>	<b>8,563,653</b>	<b>8,641,726</b>	<b>8,959,413</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	62,976	56,019	29,971	29,971	29,971	39,546	41,168	41,168	41,168
Consumer deposits		–	36,920	40,282	38,249	38,249	38,249	42,582	39,013	39,794	40,590
Trade and other payables	4	–	1,601,401	1,954,417	892,975	1,001,225	1,001,225	1,881,308	1,000,000	950,000	850,000
Provisions		–	31,945	36,711	28,661	28,661	28,661	36,711	29,234	29,818	30,415
<b>Total current liabilities</b>		–	<b>1,733,242</b>	<b>2,087,429</b>	<b>989,855</b>	<b>1,098,105</b>	<b>1,098,105</b>	<b>2,000,147</b>	<b>1,109,415</b>	<b>1,060,780</b>	<b>962,172</b>
<b>Non current liabilities</b>											
Borrowing		–	243,420	213,414	207,730	207,730	207,730	203,956	207,730	175,361	139,755
Provisions		–	352,483	402,657	321,087	1,143,163	1,143,163	387,158	321,087	327,508	330,784
<b>Total non current liabilities</b>		–	<b>595,904</b>	<b>616,071</b>	<b>528,817</b>	<b>1,350,893</b>	<b>1,350,893</b>	<b>591,114</b>	<b>528,817</b>	<b>502,870</b>	<b>470,539</b>
<b>TOTAL LIABILITIES</b>		–	<b>2,329,146</b>	<b>2,703,500</b>	<b>1,518,672</b>	<b>2,448,998</b>	<b>2,448,998</b>	<b>2,591,261</b>	<b>1,638,232</b>	<b>1,563,650</b>	<b>1,432,711</b>
<b>NET ASSETS</b>	5	–	<b>5,688,052</b>	<b>5,411,169</b>	<b>7,068,475</b>	<b>6,385,335</b>	<b>6,385,335</b>	<b>5,648,848</b>	<b>6,925,420</b>	<b>7,078,076</b>	<b>7,526,702</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	4	–	4,674,790	5,411,169	7,068,475	6,698,086	6,698,086	5,645,683	6,925,420	7,078,076	7,526,702
Reserves		–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	–	<b>4,674,790</b>	<b>5,411,169</b>	<b>7,068,475</b>	<b>6,698,086</b>	<b>6,698,086</b>	<b>5,645,683</b>	<b>6,925,420</b>	<b>7,078,076</b>	<b>7,526,702</b>

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the City belong to the community.

## 5 Cash flow Statement

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

MP326 City of Mbombela - Table A7 Budgeted Cash Flows											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates			436 145	606 607	610 242	610 242	610 242	610 242	686 591	727 786	775 453
Service charges			878 389	984 333	1 315 728	1 351 206	1 351 206	1 351 206	1 386 255	1 490 085	1 598 618
Other revenue			188 404	129 498	66 496	255 701	255 701	255 701	104 884	108 848	112 974
Government - operating	1		570 019	711 372	733 561	733 561	733 561	733 561	801 432	874 906	951 779
Government - capital	1		633 202	462 555	582 682	567 682	567 682	567 682	378 344	408 975	663 632
Interest			52 507	34 411	32 306	41 490	41 490	41 490	42 064	42 064	42 064
Dividends			-		-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees			(2 103 325)	(2 288 007)	(2 630 453)	(2 846 922)	(2 846 922)	(2 846 922)	(2 669 202)	(3 086 682)	(3 335 356)
Finance charges			(63 148)	(90 180)	(44 764)	(41 109)	(41 109)	(41 109)	(27 978)	(26 346)	(19 422)
Transfers and Grants	1		(31 912)	(46 672)	(30 203)	(4 608)	(4 608)	(4 608)	(2 080)	(1 320)	(1 320)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	560 280	503 917	635 595	667 242	667 242	667 242	700 310	538 316	788 422
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			958	268	-	-	-		-	-	-
Decrease (Increase) in non-current debtors			(1 137)	1 870	-	-	-		-	-	-
Decrease (increase) other non-current receivables			(601)	18 398	-	-	-		-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-		-	-	-
<b>Payments</b>											
Capital assets			(480 973)	(455 642)	(614 126)	(615 119)	(615 119)	(615 119)	(438 444)	(457 475)	(740 632)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	(481 753)	(435 106)	(614 126)	(615 119)	(615 119)	(615 119)	(438 444)	(457 475)	(740 632)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-		-	-	-
Borrowing long term/refinancing			-	-	-	-	-		-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-		-	-	-
<b>Payments</b>											
Repayment of borrowing			(8 489)	(36 663)	(29 971)	(29 971)	(29 971)	(29 971)	(17 515)	(18 407)	(19 410)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	(8 489)	(36 663)	(29 971)	(29 971)	(29 971)	(29 971)	(17 515)	(18 407)	(19 410)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	70 039	32 148	(8 502)	22 151	22 151	22 151	244 351	62 434	28 380
Cash/cash equivalents at the year begin:	2		23 864	93 903	95 200	126 051	126 051	126 051	148 202	392 553	454 988
Cash/cash equivalents at the year end:	2		93 903	126 051	86 698	148 202	148 202	148 202	392 553	454 988	483 367

The above table reflects that the municipality will increase its cash and cash equivalents at the end of the year to R392 million in 2020/2021 from R148 million projected cash and cash equivalent in 2019/2020 and increases to R483 million in 2022/2023 financial year.

It be noted that the net cash to be generated from operating activities will amount to R700 million in 2020/2021 and will increase to R788 million over the medium-term. The favourable net-cash from operating activities is an indication that the municipality will be able to generate surplus cash from rendering municipal services such as electricity, water, sanitation, solid waste etc.

The surplus cash generated from the operating activities will be utilized to fund the capital expenditure and also to repay the non-current borrowings and outstanding creditors.

MP326 City of Mbombela - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	93 903	126 051	86 698	148 202	148 202	148 202	392 553	454 988	483 367
Other current investments > 90 days		-	9 216	21 229	(0)	(0)	(0)	(0)	-	-	-
Non current assets - Investments	1	-	18 398	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	121 517	147 280	86 698	148 202	148 202	148 202	392 553	454 988	483 367
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	148 708	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	(86 828)	(126 054)	(126 054)	(126 054)	(126 054)	(126 054)	(121 602)	(120 734)	(126 770)
Other working capital requirements	3	-	1 176 812	1 596 993	333 736	345 869	345 869	345 869	510 609	464 741	359 713
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		-	1 238 693	1 470 939	207 682	219 815	219 815	219 815	389 007	344 007	232 943
<b>Surplus(shortfall)</b>		-	(1 117 176)	(1 323 660)	(120 984)	(71 613)	(71 613)	(71 613)	3 547	110 980	250 424

## Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the City's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2020/2021 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

6. As can be seen that the budget has been modeled to progressively move from a small surplus of R4 million in 2020/2021 to R250 million in 2022/2023 after meeting the obligations.

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

MP326 City of Mbombela - Table A9 Asset Management										
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	–	70,824	120,762	458,805	441,095	441,095	333,444	339,400	277,862
Roads Infrastructure		–	34,692	66,981	235,083	245,230	245,230	181,083	216,900	142,362
Storm water Infrastructure		–	1,051	13,510	–	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure		–	19,551	601	38,510	43,709	43,709	47,461	45,000	47,500
Water Supply Infrastructure		–	2,499	17,699	57,674	50,203	50,203	46,600	22,000	23,500
Sanitation Infrastructure		–	2,806	–	22,229	28,229	28,229	13,000	16,000	22,000
Solid Waste Infrastructure		–	–	7,291	3,500	100	100	650	5,000	15,000
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	1,000	200	200	–	–	–
Infrastructure		–	60,599	106,082	357,996	378,227	378,227	295,794	312,900	260,362
Community Facilities		–	231	9,492	44,779	35,015	35,015	24,550	21,500	4,000
Sport and Recreation Facilities		–	–	991	15,000	200	200	–	–	–
Community Assets		–	231	10,483	59,779	35,215	35,215	24,550	21,500	4,000
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	1,225	420	3,750	3,137	3,137	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	1,225	420	3,750	3,137	3,137	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	1,179	620	34,000	3,882	3,882	3,100	–	–
Intangible Assets		–	1,179	620	34,000	3,882	3,882	3,100	–	–
Computer Equipment		–	346	320	–	–	–	–	–	–
Furniture and Office Equipment		–	900	1,961	–	923	923	4,000	–	–
Machinery and Equipment		–	1,047	876	280	7,532	7,532	–	5,000	10,000
Transport Assets		–	5,297	–	3,000	12,180	12,180	6,000	–	3,500
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	–	178	2,677	31,939	20,733	20,733	12,000	10,000	30,000
Roads Infrastructure		–	–	–	14,868	8,438	8,438	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	178	–	–	–	–	1,000	5,000	16,000
Sanitation Infrastructure		–	–	–	–	–	–	11,000	5,000	14,000
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	10,171	6,645	6,645	–	–	–
Coastal Infrastructure		–	–	2,677	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	178	2,677	25,039	15,083	15,083	12,000	10,000	30,000
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	4,900	5,649	5,649	–	–	–
Community Assets		–	–	–	4,900	5,649	5,649	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	2,000	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	2,000	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

<b>Total Upgrading of Existing Assets</b>	6	-	29,122	29,742	191,618	312,716	312,716	93,000	108,075	432,770
Roads Infrastructure		-	(5,585)	22,268	104,368	182,895	182,895	40,100	69,075	163,000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	12,000	9,600	9,600	7,000	7,000	7,000
Water Supply Infrastructure		-	34,400	4,078	51,500	104,163	104,163	33,500	24,000	250,770
Sanitation Infrastructure		-	-	3,396	8,000	11,104	11,104	2,000	-	4,000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	<b>28,816</b>	<b>29,742</b>	<b>175,868</b>	<b>307,762</b>	<b>307,762</b>	<b>82,600</b>	<b>100,075</b>	<b>424,770</b>
Community Facilities		-	-	-	13,000	2,214	2,214	10,000	8,000	8,000
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	<b>13,000</b>	<b>2,214</b>	<b>2,214</b>	<b>10,000</b>	<b>8,000</b>	<b>8,000</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	306	-	2,750	2,739	2,739	400	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	<b>306</b>	-	<b>2,750</b>	<b>2,739</b>	<b>2,739</b>	<b>400</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	<b>100,123</b>	<b>153,181</b>	<b>682,362</b>	<b>774,543</b>	<b>774,543</b>	<b>438,444</b>	<b>457,475</b>	<b>740,632</b>
Roads Infrastructure		-	29,107	89,249	354,320	436,564	436,564	221,183	285,975	305,362
Storm water Infrastructure		-	1,051	13,510	-	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure		-	19,551	601	50,510	53,309	53,309	54,461	52,000	54,500
Water Supply Infrastructure		-	37,077	21,777	109,174	154,366	154,366	81,100	51,000	290,270
Sanitation Infrastructure		-	2,806	3,396	30,229	39,333	39,333	26,000	21,000	40,000
Solid Waste Infrastructure		-	-	7,291	3,500	100	100	650	5,000	15,000
Rail Infrastructure		-	-	-	10,171	6,645	6,645	-	-	-
Coastal Infrastructure		-	-	2,677	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	1,000	200	200	-	-	-
<b>Infrastructure</b>		-	<b>89,592</b>	<b>138,501</b>	<b>558,903</b>	<b>701,072</b>	<b>701,072</b>	<b>390,394</b>	<b>422,975</b>	<b>715,132</b>
Community Facilities		-	231	9,492	57,779	37,229	37,229	34,550	29,500	12,000
Sport and Recreation Facilities		-	-	991	19,900	5,849	5,849	-	-	-
<b>Community Assets</b>		-	<b>231</b>	<b>10,483</b>	<b>77,679</b>	<b>43,078</b>	<b>43,078</b>	<b>34,550</b>	<b>29,500</b>	<b>12,000</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1,531	420	8,500	5,876	5,876	400	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	<b>1,531</b>	<b>420</b>	<b>8,500</b>	<b>5,876</b>	<b>5,876</b>	<b>400</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	1,179	620	34,000	3,882	3,882	3,100	-	-
<b>Intangible Assets</b>		-	<b>1,179</b>	<b>620</b>	<b>34,000</b>	<b>3,882</b>	<b>3,882</b>	<b>3,100</b>	-	-
Computer Equipment		-	346	320	-	-	-	-	-	-
Furniture and Office Equipment		-	900	1,961	-	923	923	4,000	-	-
Machinery and Equipment		-	1,047	876	280	7,532	7,532	-	5,000	10,000
Transport Assets		-	5,297	-	3,000	12,180	12,180	6,000	-	3,500
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		-	<b>100,123</b>	<b>153,181</b>	<b>682,362</b>	<b>774,543</b>	<b>774,543</b>	<b>438,444</b>	<b>457,475</b>	<b>740,632</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	-	6,343,684	6,469,294	7,880,130	7,972,311	7,972,311	7,630,828	7,649,859	7,933,016
Roads Infrastructure		-	1,175,881	1,184,465	1,831,943	1,914,187	1,914,187	1,779,842	1,844,634	1,864,021
Storm water Infrastructure		-	360,683	374,193	-	10,555	10,555	7,000	8,000	10,000
Electrical Infrastructure		-	590,546	551,526	621,938	624,737	624,737	605,987	603,526	606,026
Water Supply Infrastructure		-	1,490,556	1,702,994	1,560,739	1,605,929	1,605,929	1,784,094	1,753,994	1,993,264
Sanitation Infrastructure		-	662,893	646,085	665,661	674,765	674,765	672,085	667,085	686,085
Solid Waste Infrastructure		-	40,835	43,162	47,719	44,319	44,319	44,364	48,714	58,714
Rail Infrastructure		-	-	-	10,171	6,645	6,645	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	1,029	1,029	1,000	200	200	-	-	-
<b>Infrastructure</b>		-	<b>4,322,423</b>	<b>4,503,454</b>	<b>4,739,168</b>	<b>4,881,337</b>	<b>4,881,337</b>	<b>4,893,371</b>	<b>4,925,952</b>	<b>5,218,109</b>
<b>Community Assets</b>		-	17,493	27,756	964,738	930,138	930,138	562,983	557,933	540,433
<b>Heritage Assets</b>		-	2,302	2,302	2,302	2,302	2,302	2,302	2,302	2,302
<b>Investment properties</b>		-	332,431	330,446	332,431	332,431	332,431	330,446	330,446	330,446
<b>Other Assets</b>		-	888,671	849,298	1,028,920	1,026,296	1,026,296	1,071,744	1,071,344	1,071,344
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	15,097	14,477	50,126	20,008	20,008	18,606	15,506	15,506
Computer Equipment		-	20,125	16,935	20,125	20,125	20,125	16,935	16,935	16,935
Furniture and Office Equipment		-	30,887	27,388	33,642	34,565	34,565	35,702	31,702	31,702
Machinery and Equipment		-	31,954	27,832	27,365	34,617	34,617	23,885	28,885	33,885
Transport Assets		-	41,251	37,435	43,645	52,824	52,824	43,435	37,435	40,935
Land		-	641,051	631,971	637,667	637,667	637,667	631,419	631,419	631,419
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	-	<b>6,343,684</b>	<b>6,469,294</b>	<b>7,880,130</b>	<b>7,972,311</b>	<b>7,972,311</b>	<b>7,630,828</b>	<b>7,649,859</b>	<b>7,933,016</b>

<b>EXPENDITURE OTHER ITEMS</b>		–	544,443	510,482	560,242	525,345	525,345	578,205	582,373	593,811
<b>Depreciation</b>	7	–	502,874	506,580	545,585	515,498	515,498	516,567	526,898	547,974
<b>Repairs and Maintenance by Asset Class</b>	3	–	41,568	3,902	14,657	9,847	9,847	61,639	55,475	45,837
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	7,253	2,870	11,417	8,534	8,534	6,809	6,128	5,209
Water Supply Infrastructure		–	–	–	–	–	–	1,000	900	765
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	33,232	–	1,275	–	–	–	–	–
Rail Infrastructure		–	1	48	196	79	79	33,963	30,566	24,665
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	150	323	155	155	200	180	153
<b>Infrastructure</b>		–	40,485	3,068	13,211	8,768	8,768	41,972	37,775	30,792
Community Facilities		–	592	834	446	1,079	1,079	600	540	459
Sport and Recreation Facilities		–	–	–	–	–	–	900	810	689
<b>Community Assets</b>		–	592	834	446	1,079	1,079	1,500	1,350	1,148
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	1,000	–	–	4,100	3,690	3,137
Housing		–	–	–	–	–	–	–	–	–
<b>Other Assets</b>		–	–	–	1,000	–	–	4,100	3,690	3,137
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	491	–	–	–	–	2,040	1,836	1,561
Transport Assets		–	–	–	–	–	–	12,027	10,824	9,201
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		–	544,443	510,482	560,242	525,345	525,345	578,205	582,373	593,811

# Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. The table below reflect the detail report for a list of free basic service the City provide to the community as well as the level of service delivery to the people of Mbombela.

MP326 City of Mbombela - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		–	119,394	119,394	119,394	119,394	119,394	119,394	119,394	119,394
Piped water inside yard (but not in dwelling)		–	25,123	25,123	25,123	25,123	25,123	25,123	25,123	25,123
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	144,517	144,517	144,517	144,517	144,517	144,517	144,517	144,517
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
<i>Below Minimum Service Level sub-total</i>		–	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
<b>Total number of households</b>	5	–	181,366	181,366	181,366	181,366	181,366	181,366	181,366	181,366
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		–	74,171	74,171	81,588	81,588	81,588	89,747	89,747	89,747
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	114,164	114,164	102,748	102,748	102,748	92,473	78,602	78,602
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	188,335	188,335	184,336	184,336	184,336	182,220	168,349	168,349
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
<i>Below Minimum Service Level sub-total</i>		–	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
<b>Total number of households</b>	5	–	206,136	206,136	202,137	202,137	202,137	200,021	186,150	186,150
<b>Energy:</b>										
Electricity (at least min.service level)		–	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
<i>Below Minimum Service Level sub-total</i>		–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
<b>Total number of households</b>	5	–	190,065	206,136	225,143	225,143	225,143	246,050	269,048	294,345
<b>Refuse:</b>										
Removed at least once a week		–	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
<i>Minimum Service Level and Above sub-total</i>		–	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	133,170	133,170	133,170	133,170	133,170	133,170	133,170	133,170
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	8,939	8,939	8,939	8,939	8,939	8,939	8,939	8,939
<i>Below Minimum Service Level sub-total</i>		–	142,109	142,109	142,109	142,109	142,109	142,109	142,109	142,109
<b>Total number of households</b>	5	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136	206,136
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Sanitation (free minimum level service)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Electricity/other energy (50kwh per household per month)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
Refuse (removed at least once a week)		–	129,606	129,606	129,606	129,606	129,606	129,606	129,606	129,606
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		–	40,996	43,153	45,425	45,425	45,425	47,815	50,206	52,716
Sanitation (free sanitation service to indigent households)		–	20,441	21,577	22,712	22,712	22,712	23,908	23,908	23,908
Electricity/other energy (50kwh per indigent household per month)		–	74,907	78,849	82,999	82,999	82,999	87,367	91,736	96,323
Refuse (removed once a week for indigent households)		–	14,079	14,861	15,643	15,643	15,643	16,466	17,290	18,154
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		–	3,465	3,630	3,300	3,300	3,300	3,000	2,700	2,295
<b>Total cost of FBS provided</b>		–	153,887	162,070	170,079	170,079	170,079	178,557	185,839	193,396
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)			80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)			6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)			6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)			–	–	–	–	–	–	–	–
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50
Refuse (average litres per week)			1	1	1	1	1	1	1	1
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		–	220,176	280,267	63,135	63,135	63,135	71,026	76,709	82,845
Water (in excess of 6 kilolitres per indigent household per month)		–	40,425	42,446	42,552	42,552	42,552	44,792	47,031	47,031
Sanitation (in excess of free sanitation service to indigent households)		–	22,340	21,223	21,276	21,276	21,276	22,396	23,516	23,516
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	135,591	138,279	142,727	142,727	142,727	150,239	157,751	165,639
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	–	418,532	482,215	269,690	269,690	269,690	288,454	305,007	319,031

# **PART 2 – SUPPORTING DOCUMENTATION**

## **2.1 2020/2021 OVERVIEW OF THE ANNUAL BUDGET PROCESS**

Section 53 of the MFMA requires the Mayor of the City to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the City must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the City meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- (a) that the process followed to compile the budget complies with legislation and good budget practices;
- (b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of City;
- (c) that the City's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- (d) That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### **2.1.1 IDP/Budget process overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The process that was followed to guide the review of the City of Mbombela's 2020-2021 financial year involved various phases which had their respective outcomes. The phases include preparation, analysis, strategies, projects, integration and approval phases

#### **(a) Planning Phase**

The City of Mbombela Municipal Council, under Council Resolution No. A1/2019, adopted an IDP/budget Process Plan on the 31st of August 2019. The IDP/budget Process Plan outlined the legislative framework, institutional structures to guide, manage and monitor the IDP Review processes, mechanisms for community participation as well as key deadlines of the activities that led to the finalisation of the IDP for the 2020-2021 financial year.

The Process Plan was developed in line with the Ehlanzeni District Municipality's IDP Framework Plan adopted for the entire district after consultations with the local municipalities, including the City of Mbombela.

The Process Plan was advertised on the Mpumalanga News dated in order to give notice to the affected stakeholders and the community members. The Process Plan was also placed on the Municipality's website and placed in all the Regional Service Centres of the Municipality.

### **(b) Analysis Phase**

During this phase, it was critical for the municipality to understand the current existing situation within the municipal area. An in depth diagnostic assessment was done by the Municipality in relation to the levels of development, service delivery gaps or challenges, causes of existing problems, identification of priority issues (issues that needed to be addressed first), and available resources to help deal with identified challenges or problems.

Sources of information that were used as baseline include annual reports, mid-year performance report, Service Delivery and Budget Implementation Plan (SDBIP) quarterly reports, StatsSA Community Survey 2016, and SERO reports. Sector plans were also used to inform the planning of the IDP in terms what programmes or projects needs to be implemented to address the service delivery gaps within the municipal area. The GIS system was also used in identifying communities that do not have access to municipal basic services within the municipal area. The information obtained through this process helped the municipality to identify priority issues according to the Municipality's perspective. A further prognosis was done in terms of the internal institutional gaps or needs (i.e. shortage of staff, governance issues, etc.) as well as internal resources (revenue generation capacity, ICT infrastructure, etc.) that may assist in addressing the identified priority issues.

### **(c) Strategy Phase**

The City of Mbombela had its strategic planning sessions to devise means to respond to the priority issues identified during the analysis phase. Departmental strategic planning sessions were held from November 2019 . Departments reviewed their strategies and objectives taking into consideration the results of the internal assessment of the Municipality. Furthermore, departments identified programmes and projects which might be critical to respond to the ward priorities as well as the institutional needs.

### **(d) Project Phase**

The project phase involved Municipal Departments designing programmes and projects with clear targets and indicators which are specific, measurable, achievable, realistic and time-bound. The location, beneficiaries, as well as project costing was also done. These programmes and projects were informed by the ward priorities, the Municipality Vision 2030, sector plans, policy imperatives and planning requirements from the national and provincial spheres of government.

The programmes and projects devised also gave effect to national priorities as pronounced during the State of the National Address (SONA) and State of the Province Address (SOPA) respectively.

## **(e) Integration Phase**

During this phase, the Municipality held institutional Technical Lekgotla chaired by the Municipal Manager in December 2019 and Mayoral Lekgotla chaired by the Executive Mayor on the of March 2020. The aim of these sessions was to align and integrate departmental programmes and projects as well as to devise interventions that will assist in the attainment of the Municipality's programmes/projects objectives and outcomes that responds to the IDP priorities. The aim was also to ensure that all efforts are directed towards the realisation of the Municipality long-term plan (i.e. City of Mbombela Vision 2030).

During this phase, the Municipality aligned its five year programs with its financial resources (Budget/MTREF) and also with its performance management system. During this phase, an operational plan (SDBIP) was also developed to track performance on planned activities in relation to budgeted projects.

Sessions with sector departments were also held, through platforms created by Ehlanzeni District Municipality (EDM) and Provincial Department of Cooperative Governance and Traditional Affairs (COGTA), to integrate programmes and projects of all the local municipalities in Ehlanzeni district with that of the provincial and national sector departments, as well as state-owned enterprises (SOE's) such as ESKOM and other private companies i.e. Barberton Mines, etc. Hence, projects from provincial and national sector departments, private sector and state parastatals are also incorporated in this reviewed IDP. This was to ensure that there is vertical alignment of plans and programs aimed at achieving national and provincial policy imperatives, strategies and plans (i.e. National Development Plan, Medium-Term Strategic Framework, Mpumalanga Province Vision 2030, Mpumalanga Economic Development Path, etc.).

## **(f) Public Participation and consultative process**

As part of the consultative process, the municipality will also have a benchmark engagement meeting with the National Treasury on June 2020 with regard to the adopted final IDP/budget and 2020/2021 2022/2023 Budget and Medium Term Revenue and Expenditure Framework (MTREF). The benchmark engagement exercise will be conducted by the National Treasury with an objective of assessing the credibility of the final IDP and budget adopted by the municipal council.

## **Approval Phase**

The final 2020/2021 IDP and Budget will be tabled before council for approval on June 2020. The notice will be advertised on local print media as required by the Municipal Finance management Act read with the Regulations. Moreover, the documents will be placed on the municipal website, in all the 4 Regions of the City i.e Head Office, Central, Northern, Southern, Eastern and in all Libraries for public awareness on the approved IDP and Budget.

### **2.1.2 IDP and service delivery and budget implementation plan**

It started in August 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/2020 MTREF.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- (a) Registration of community needs;
- (b) Compilation of departmental business plans including key performance indicators and targets;
- (c) Financial planning and budgeting process;
- (d) Public participation process;
- (e) Compilation of the SDBIP, and
- (f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/2021 MTREF, based on the approved 2019/2020 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/2021 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/2020 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial modelling and key planning drivers**

As part of the compilation of the 2020/2021 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/2021 – 2022/2023 annual budget and MTREF:

- (a) City's growth
- (b) Policy priorities and strategic objectives
- (c) Asset maintenance
- (d) Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- (e) Performance trends
- (f) The approved 2019/2020 adjustments budget and performance against the SDBIP
- (g) Cash Flow Management
- (h) Debtor payment levels
- (i) Loan and investment possibilities
- (j) The need for tariff increases versus the ability of the community to pay for services
- (k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars in relation to municipal budget process has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community consultation**

Chapter 4 of the Municipal Systems Act states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the City including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councilors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

#### **2.1.5 Committees and participation**

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. City's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Strategic Management Services department (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in the City of Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the City and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councilors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the City.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a City to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the City and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the City.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the City. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- (a) Green Paper on National Strategic Planning of 2009;
- (b) Government Program of Action;
- (c) Development Facilitation Act of 1995;
- (d) Provincial Growth and Development Strategy (GGDS);
- (e) National and Provincial spatial development perspectives;
- (f) Relevant sector plans such as transportation, legislation and policy;
- (g) National Key Performance Indicators (NKPIs);
- (h) Accelerated and Shared Growth Initiative (ASGISA);
- (i) National 2014 Vision;
- (j) National Spatial Development Perspective (NSDP); and
- (k) The National Priority Outcomes.

### 2.2.1 National priorities

The President on his 2020 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the Centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2020 as a year of job creation and investment. The municipalities should align their programs with the job creation imperative.

To achieve this national priority, municipalities are urged when finalising 2020/2021 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The City ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programs to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a City must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget:

### 2.2.2 IDP strategic objectives

#### The City's development priority and objectives

<b>IDP Development priority</b>	<b>IDP Development objective</b>
Institutional development and transformation	<ul style="list-style-type: none"><li>• To build strong sustainable governance and institutional structures and arrangements</li><li>• To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li></ul>
Infrastructure and sustainable services	<ul style="list-style-type: none"><li>• To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development</li></ul>
Rural Development	<ul style="list-style-type: none"><li>• To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li><li>• To formulate a broad over-arching human capital and community development</li></ul>
Economic development	<ul style="list-style-type: none"><li>• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management</li></ul>
Financial management and viability	<ul style="list-style-type: none"><li>• To ensure legally sound financial viability and management</li></ul>
Human capital and community development	<ul style="list-style-type: none"><li>• To formulate a broad over-arching human capital and community development</li></ul>

2010 Legacy and Flagship projects concept	<ul style="list-style-type: none"> <li>• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management</li> <li>• To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li> <li>• To formulate a broad over-arching human capital and community development</li> <li>• To build strong sustainable governance and institutional structures and arrangements</li> <li>• To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li> </ul>
---	---

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

### **Alignment of City of Mbombela's IDP priorities with National, Provincial and District Priorities**

<b>MILLENNIUM DEVELOPMENT GOALS</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Develop a Global Partnership for Development	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Human capital and community development</li> </ul>
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Economic development</li> </ul>
Ensure environmental sustainability	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>

Promote gender equality and empower women	<ul style="list-style-type: none"> <li>➤ Human capital and social development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
<b>NATIONAL PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Corruption	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
Education	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> </ul>
Health	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
The fight against crime	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Rural development, food security & land reform	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Rural development</li> </ul>
<b>PROVINCIAL PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Agriculture	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Skills	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Institutional development &amp; transformation</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Economic growth & job creation	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Strategic infrastructure	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> <li>➤ Human capital &amp; community development</li> <li>➤ Flagship projects</li> <li>➤</li> </ul>
Social cohesion	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>

<b>DISTRICT PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Basic service and infrastructure development	➤ Infrastructure & sustainable services
Local economic development	➤ Economic development ➤ 2010 legacy and flagship projects
Institutional transformation and development	➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Financial viability and management	➤ 2010 legacy and flagship projects ➤ Financial management and viability
Public participation and good governance	➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Traditional leaders	➤ Human capital and community development ➤ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- (a) To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- (b) To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- (c) To formulate a Broad Over-arching Human Capital and Community Development
- (d) To build strong sustainable governance and institutional structures and arrangements
- (e) To ensure legally sound financial viability and management

- (f) To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- (a) During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- (b) Diverse developmental needs in areas within each ward were noted during the Analysis phase
- (c) Poor attendance in some wards during the consultation meetings has negative effects;
- (d) Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- (e) Communities should be provided with maps of their areas during consultation process to assist the City in mapping social needs;
- (f) Government departments and parastatals are not attending IDP meetings even though they are invited;
- (g) Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programs across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- (h) There is a need for an organized consultation process with sector departments from both the City and district perspective.

The 2020/2021 – 2022/2023 final budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	886,749	1,000,130	1,119,034	1,119,034	1,119,034	1,313,720	1,410,998	1,510,814	
WATER AND SANITATION				–	119,648	120,718	130,824	130,824	130,824	552,363	599,712	648,451	
PUBLIC SAFETY				–	44,715	54,074	8,565	206,781	206,781	12,187	12,187	12,187	
PUBLIC WORKS, ROADS AND TRANSPORT				–	140,952	146,202	5,836	5,836	5,836	4,244	–	–	
COMMUNITY SERVICES				–	106,456	130,990	133,002	133,202	133,202	281,507	303,436	326,539	
REGIONAL CENTRE COORDINATION				–	–	–	–	–	–	–	–	–	
LEGAL SERVICES				–	–	–	–	–	–	–	–	–	
FINANCIAL MANAGEMENT				–	1,158,232	1,373,106	1,428,589	1,458,097	1,458,097	918,512	989,312	1,062,887	
STRATEGIC MANAGEMENT SERVICES				–	–	–	–	–	–	–	–	–	
CORPORATE SERVICES DEPARTMENT				–	1,857	659	658	658	658	496	496	496	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	13,005	11,848	28,151	9,391	9,391	7,289	7,289	7,289	
MUNICIPAL MANAGER				–	6,349	8,150	9,248	9,248	9,248	8,151	6,290	7,146	
OFFICE OF COUNCIL				–	–	–	653	653	653	513	513	513	
COUNCIL				–	(6)	(2)	6	6	6	6	6	6	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	–	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	3,098,986	3,330,238	3,576,327

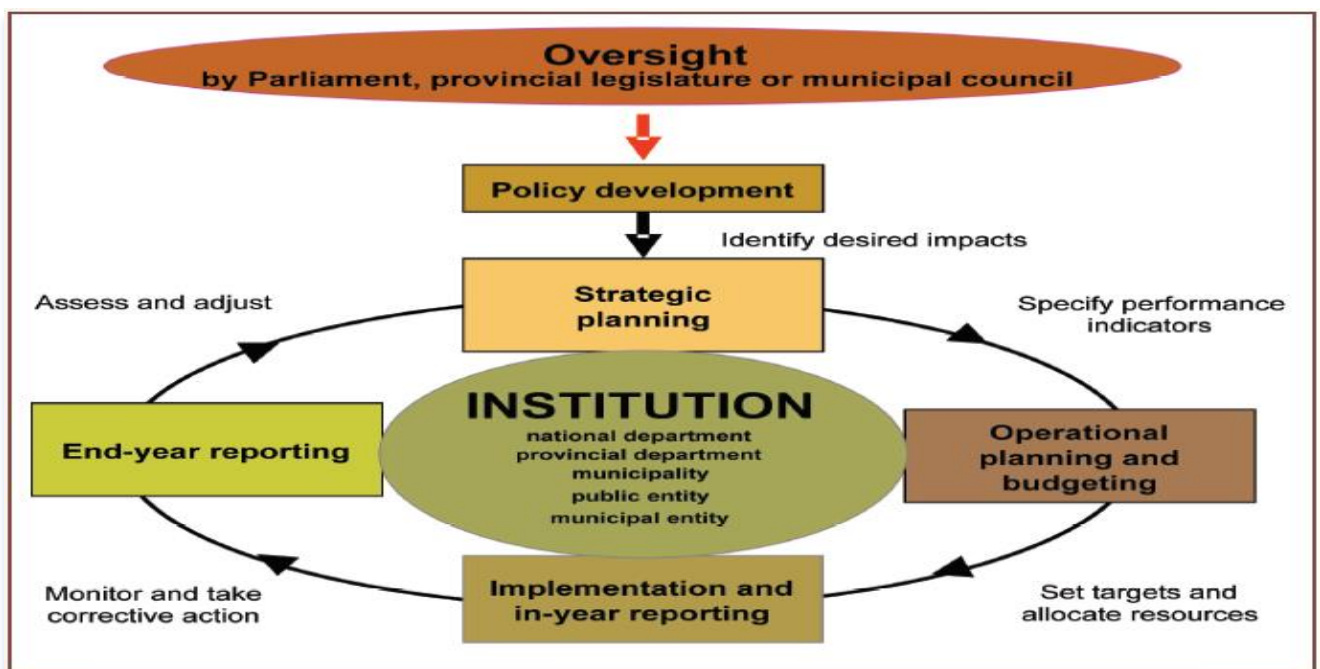
**MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	793,890	909,903	942,942	865,837	865,837	984,796	1,031,225	1,015,188	
WATER AND SANITATION				–	367,349	390,587	344,726	329,704	329,704	260,393	257,552	254,952	
PUBLIC SAFETY				–	181,813	209,690	275,944	340,086	340,086	200,421	204,284	205,726	
PUBLIC WORKS, ROADS AND TRANSPORT				–	239,038	443,127	408,461	364,391	364,391	402,294	406,612	453,582	
COMMUNITY SERVICES				–	465,098	510,216	472,771	515,524	515,524	424,482	438,505	425,384	
REGIONAL CENTRE COORDINATION				–	20,019	28,952	22,445	36,879	36,879	10,632	10,500	10,263	
LEGAL SERVICES				–	5,444	9,949	2,623	16,057	16,057	3,910	3,650	3,294	
FINANCIAL MANAGEMENT				–	263,221	402,761	244,260	222,184	222,184	280,081	283,886	338,821	
STRATEGIC MANAGEMENT SERVICES				–	32,357	36,395	41,498	40,015	40,015	31,911	33,297	35,018	
CORPORATE SERVICES DEPARTMENT				–	197,741	158,055	163,338	163,859	163,859	128,628	130,890	133,708	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	308,603	74,111	118,333	112,739	112,739	75,397	76,957	113,759	
MUNICIPAL MANAGER				–	93,259	221,688	113,003	108,798	108,798	191,522	193,600	198,313	
OFFICE OF COUNCIL				–	22,092	25,280	28,706	25,160	25,160	23,162	23,763	24,613	
COUNCIL				–	119,545	54,494	70,876	81,906	81,906	60,803	63,021	65,409	
Allocations to other priorities													
Total Expenditure				1	–	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	3,078,434	3,157,742	3,278,029

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The City targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 Planning, budgeting and reporting cycle**

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- (a) Planning (setting goals, objectives, targets and benchmarks);
- (b) Monitoring (regular monitoring and checking on the progress against plan);
- (c) Measurement (indicators of success);
- (d) Review (identifying areas requiring change and improvement);

- (e) Reporting (what information, to whom, from whom, how often and for what purpose); and
- (f) Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the City's main performance objectives and benchmarks for the 2020/2021 MTREF.

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Borrowing Management</b>											
Credit Rating			Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.4%	3.7%	2.3%	2.3%	2.3%	1.7%	1.5%	1.4%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	4.4%	6.3%	3.5%	3.2%	3.2%	2.5%	2.0%	1.8%	1.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.5
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	84.5%	85.0%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	84.5%	84.9%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%	95.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	13.8%	14.8%	21.0%	22.6%	22.6%	22.1%	16.8%	15.5%	14.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		40.0%	42.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Creditors to Cash and Investments		0.0%	1575.3%	1469.0%	1030.0%	675.6%	675.6%	1044.0%	254.7%	208.8%	175.8%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		119135524	128004811	121604570.5	121604570.5	121604570.5	121604570.5	119172479	109638680.7	103060359.9
	Total Cost of Losses (Rand '000)		106,031	121,605	115,524	115,524	115,524	115,524	113,214	104,157	97,907
	% Volume (units purchased and generated less units sold)/units purchased and generated		16.0%	17.1%	12.1%	12.1%	12.1%	12.1%	10.0%	8.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		1,015	1,426	1,355	1,355	1,355	1,355	1,287	1,248	1,223
	Total Cost of Losses (Rand '000)		4731946	6955440	6607668	6607668	6607668	6607668	6277284.6	6088966.062	5967186.741
	% Volume (units purchased and generated less units sold)/units purchased and generated		20.5%	25.2%	20.2%	20.2%	20.2%	20.2%	15.5%	12.0%	10.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	32.0%	32.9%	35.3%	32.9%	32.9%	34.9%	33.3%	33.1%	33.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	33.6%	34.3%	36.8%	34.8%	34.8%		34.7%	34.6%	34.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	1.7%	0.1%	0.5%	0.3%	0.3%		2.0%	1.7%	1.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	23.0%	21.0%	20.6%	18.3%	18.3%	17.5%	17.6%	16.6%	15.9%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	23.9	32.6	29.8	29.8	29.8	29.7	38.0	39.9	42.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	21.6%	22.2%	29.5%	34.1%	34.1%	32.7%	23.9%	22.2%	20.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	0.5	0.5	0.4	0.7	0.7	0.8	1.9	2.2	2.2

### 2.3.1 Financial performance indicators and benchmarks

#### (a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a City to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Mbombela borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2020/2021 MTREF.

*Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the City. It can be noted that the borrowing asset ratio of City of Mbombela is stable for the medium term.

*Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is zero decreased significantly due to the fact that there's no borrowing anticipated to fund the 2020/2021 capital expenditure.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the City. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2020/2021 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### (b) Safety of Capital

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the City's assets. The indicator is based on the total of loans, creditors, and overfinal and tax provisions as a percentage of funds and reserves.

#### (c) Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/2021 the MTREF the current ratio is 0,9 in the 2020/2021 financial year it will be 1.0 and 1.1 for 2021/2022 and 2022/2023 Going forward it will be necessary to improve these levels or even more.

*The liquidity ratio* is a measure of the ability of the City to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the City should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/2021 financial year the ratio was 0,9 and as part of

the financial planning strategy it will increasing to 1.0 throughout the medium term due to the cash flow situation. This needs to be considered a pertinent risk for the City as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### **(d) Revenue Management**

As part of the financial sustainability strategy, the City will revise its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the City” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### **(e) Creditors Management**

The City will continue to work to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the City has managed to ensure a 95 percent compliance rate to this legislative obligation. This will have at least a favourable impact on suppliers’ perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City’s business.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2020/2021 financial year about 11 000 registered indigents will be provided for in the budget. In terms of the City’s indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **2.3.3 Providing clean water and managing waste water**

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2020/2021 medium term capital budget.

The following is briefly the main challenges facing the City in this regard:

- (a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- (b) Shortage of skilled personnel makes proper operations and maintenance difficult;
- (c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- (d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- (a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- (b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training program, especially for operational personnel;
- (c) The Electricity Division is to install dedicated power supply lines to the plants; and
- (d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
- (e) Updating the infrastructure plan of the City.

## **OVERVIEW OF BUDGET RELATED-POLICIES**

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions have been tabled to Council in June 2019 as final policies.

The City has tabled the following Budget Related policies for the financial year 2020/2021;

### **2.4.1 Virement policy**

This is a policy that is developed to manage the shifting of funds within and between departments during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegation of powers.

The Municipal Budget and Reporting Regulations (No 3241), Circular 51 and 89 issued by National Treasury serve as guidelines in the implementation of this policy to enable the tracking and reporting of the shifting of funds.

No proposed Amendments

### **2.4.2 Budget policy**

The budget policy deals mainly with all budget related matters. The objective of the budget policy is to set out the principles which the City will follow in preparing each medium term revenue and expenditure framework budget, to outline the responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence City of Mbombela's IDP review and budget processes.

No proposed Amendments

### **2.4.3 Credit control and debt collection policy and by-laws**

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) is clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The objectives of the policy are to;

- (a) Provide a framework within the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection.
- (b) Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner.
- (c) Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision making processes of the municipality and that they are informed of the decisions and affairs of the municipality.
- (d) Outline credit control and debt collection policy procedures and mechanisms.

The following are the proposed Amendments.

Continuation of the 1% Payment Incentive Scheme during the 2020/2021 financial year.

The charging of interest on amount due on accounts be charged immediately after the due date.

Interest rate charged at prime plus 1.

#### **2.4.4 Economic investment and promotion policy**

The main objective of the policy is to provide a framework for the uniform development of incentives in City of Mbombela that will assist to:

- (a) Attract investment.
- (b) Return existing investment.
- (c) Stimulate and create job opportunities.
- (d) Support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the City. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the City of Mbombela Property Rates by Law in terms of section 9.4.1(b).

#### **2.4.5 Investment policy**

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005. All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources, deliberations will be during the workshop proposal for amendments will form part of the final budget.

No Proposed Amendments.

#### **2.4.6 Funding and reserves policy**

The policy is required in terms of Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is in accordance with Section 17 and 168 of the Municipal Finance Management Act No. 56 of 2003.

The policy sets out the assumptions and methodology for estimating the following:

- (a) Projected billings, collections and all direct revenues.
- (b) Provision for revenue that will not be collected.
- (c) Funds that the municipality can expect from investments.
- (d) Proceeds the municipality can expect to receive from the transfer or disposal of assets.
- (e) Council's borrowing requirements.
- (f) Funds to be set aside in reserves.

No Proposed Amendments.

#### **2.4.7 Indigent policy**

The Department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for City of Mbombela the policy was rationalized to accommodate former Umjindi and approved for implementation in terms item A(2) of 28 February 2017.

The objectives of the policy will be to ensure the following:

- (a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of Council;
- (b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
- (c) Establishment of a framework for the identification and management of indigent households including a socio –economic analysis and indigent exit strategy;
- (d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
- (e) To enhance the institutional and financial capacity of the municipality to implement the policy

No Proposed Amendments.

#### **2.4.8 Subsistence and Travelling policy**

The policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 Section 34(5)(a).

No Proposed Amendments.

#### **2.4.9 Supply chain management policy**

The following amendments have been proposed on the Supply Chain Management policy. These are due to the continuous reforms and guidelines issued by National Treasury.

##### **Section 5 of the policy**

Section 5 deals with the system of delegated powers. The clause is amended to enhance the effectiveness of the policy. Sub-section 5, 6 and 7 were added to ensure that the Municipal Manager reviews the systems of delegated powers periodically and tighten controls regarding powers conferred on incumbents in acting responsibilities. The main objective of this section is to ensure that there are no bottlenecks in the implementation of the Supply Chain Management policy whilst addressing the risks of having the municipality incurring irregular expenditure.

##### **Section 10 of the policy**

Section 10 deals mainly with the System of Demand Management. Section 10(a) was amended to compel the Accounting Officer to ensure that Demand Management plans are approved prior to the start of the new financial year. This clause will ensure that the Supply Chain Management Unit facilitates the implementation of projects timely.

##### **Section 20 of the policy**

Section 20 of the policy deals with the competitive bidding processes. Section 20 (g) was amended to include the guidelines of MFMA circular number 62 issued by National Treasury. The amendments will compel the Accounting Officer to implement processes and procedures to ensure compliance with the guidelines issued by the National Treasury.

The amendments will ensure that proper monitoring procedures are implemented to ensure sound contract and project manager to ensure effective planning and value of money. Contracts awarded in line with supply chain management policy can only be varied or amended to a specific threshold.

##### **Section 31 of the policy**

Section 31 of the policy deals with the procurement of Banking Services. Section 31(4)(5) were included. The amendments of these sections to the policy will ensure a clear distinction between contracts that have budgetary implications beyond the municipal's Medium Term Revenue and Expenditure Framework (MTREF) period.

This policy will in future exclude the procurement of banking services from the requirements of MFMA section 33. The reason for the exclusion is based on the fact that although the duration of banking services is regulated by the SCM regulations to be beyond the MTREF, banking service is rates based and not imposing financial obligations to the municipality beyond the period stipulated in section 33 of the MFMA.

#### Section 33 of the policy

Section 33 of the policy deals mainly with the procurement of goods and services under contracts secured by other organs of state. Section 33 (2)(5) have been added. The main objectives of the added section is to enhance and Supply Chain Management processes. This policy will in future compel the accounting Officer to subject all regulation 32 contracts to the bid Adjudication Committee for recommendations.

#### Section 36 of the policy

Section 36 of the policy deals with the appointment of consultants. This Policy will in future compels the Accounting Officer to consider internal mechanisms prior to the implementation of outsourced mechanisms. The amendments will ensure that value for money is achieved and form part of cost curtailment currently implemented by the municipality.

#### Section 40 of the policy

Section 40 deals mainly with the logistic management of the Supply Chain. Section 40 (4)(5)(6) was added into this policy. The amendments will enhance controls in the municipal stores and ensure than the municipal stores only keep stock that is necessary for service delivery. The proper implementation of the amendments will ensure that the municipality reduces the costs of storing materials and improve the cash flow of the municipality.

### **2.4.11 Contract management policy**

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of section 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments

will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

#### 2.4.12 Property rates policy and by law

The City has compiled a General Valuation roll which serves as a basis for the implementation of the Municipal Property Rates Act. This has necessitated the City to propose amendments to the property rates policy for 2020/2021 financial year as follows;

A general rate (cent amount in a rand) would be increase by 6 percent for the 2020/2021 financial year.

The proposed changes are as follows;

DESCRIPTION	CURRENT (2019-2020)	PROPOSED (2020-2021)
<b>GENERAL RATE</b>	0.006920	0.00734
<b><u>RATES RATIOS</u></b>		
RESIDENTIAL	1: 1	1: 1
BUSINESS	1: 2.25	1: 2.25
INDUSTRIAL	1: 2.25	1: 2.25
AGRICULTURAL	1: 0.25	1: 0.25
STATE/GOVERNMENT	1: 3	1: 3
PUBLIC SERVICE	1: 0.25	1: 0.25
INFRASTRUCTURE	1: 0.25	1: 0.25
PUBLIC BENEFIT ORGANISATION	1: 2.25	1: 2.25
MINING	1 : 1.5	1 : 1.5
OTHER		

(B) The proposed cent in a rand (tariff increase) for the 2020/2021 financial year will be as follows

DESCRIPTION	CURRENT (2019-2020)	PROPOSED (2020-2021)
<b>GENERAL RATE</b>	0.006920	0.00734
<b><u>RATES RATIOS</u></b>		
RESIDENTIAL	0.00692	0.00734
BUSINESS	0.01557	0.01650
INDUSTRIAL	0.01557	0.01650
AGRICULTURAL	0.00173	0.00183
STATE/GOVERNMENT	0.02076	0.02201
PUBLIC SERVICE	0.00173	0.00183
INFRASTRUCTURE	0.00173	0.00183
PUBLIC BENEFIT ORGANISATION	0.00173	0.00183
MINING	0.01557	0.01650
OTHER	0.01038	0.01100

(d) The proposed rebates threshold increase for senior citizens for the 2020/2021 financial year

REBATES FOR SENIOR CITIZEN					
CURRENT (2019-2020)			PROPOSED (2020-2021)		
FROM	TO	% REBATE	FROM	TO	% REBATE
R 0.00	R 135 300	100	R 0.00	R 136 750	100
R 135 301	R 169 125	75	R 136751	R 170 938	75
R 169 126	R 211 406	50	R 170 939	R 213 672	50
ABOVE	R 211 407	25	ABOVE	R 213 672	25

#### **2.4.13 Tariff policy and by law**

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of Section 75 are part of the budget related policies that must be reviewed annually.

The objective of the tariff policy is to ensure that:

- (a) The tariffs approved during the Budget process by council to fund services must be consistent with this policy.
- (b) The municipal services are financially sustainable, affordable and equitable.
- (c) The needs of the poor households are taken into consideration.
- (d) There is consistency in how tariffs are applied throughout the municipality

The Proposed Amendments as follows;

Chapter 1, clause 6.6 be inserted to read as follows:

6.6 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.

(c) Chapter 6, clause 3(i)(c) to be amended and read as follows

(c )Where the customer uses more than 30 MWh per month, a time of use (TOU) tariff may be applied. This tariff shall consist of a fixed, multi energy, reactive energy, demand, and network charge, per Eskom's determined time periods and seasons

#### **2.4.14 Asset management policy**

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted. The Asset Management Policy provides direction for the management, accounting and control of Fixed Assets owned or controlled by the Council

## **Assessing disposals**

The Disposal Committee is responsible for assessing the list of assets earmarked for disposals prepared by the asset management section. The Disposal Committee shall also consider the following factors:

- (i) Whether there are net disposal benefits, either in financial or other forms.
- (ii) Whether there is secondary service obligations associated with the asset which dictates its retention.
- (iii) Whether a disposal can be carried out without adverse impacts on the physical environment.

In assessing the benefits of disposal, the advantages and disadvantages for the entire municipality, not just the user department, must be considered.

Disposals need not always be for a financial gain. Other opportunities and gains should also be taken into consideration, for example;

- (i) Swapping one asset for another
- (ii) Construction of a facility for the municipality in return for the asset.

Disposal Committee shall be responsible for advising the Municipal Manager and Council on the disposal and writing off of assets after;

- (i) Deciding on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- (ii) Consideration of the fair market value of the asset and the economic and community value to be received in exchange for the asset.

### **Section 9.4 of the policy: Method of disposal**

Disposal of an asset should be performed in a manner which satisfies the following objectives

- (i) The disposal should take place on an equitable basis. There should be an equal opportunity for all, to purchase the asset.
- (ii) The best possible return for the municipality must be achieved.
- (iii) Any adverse environmental impacts should be avoided.

The disposal committee should document the basis of the decision taken to dispose off, an asset and clear basis of the method of disposal decided upon.

### **Section 9.5 of the policy: Disposal management**

- (1) The system of disposal management for the disposal or alienation of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, is as follows:
- (2) The disposal or alienation of assets must:
  - (a) Be through one of the following methods:
    - (i) transferring the asset to another organ of state in terms of a provisions for the transfer of assets;
    - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
    - (iii) the alienation of the asset; or
    - (iv) destroying the asset, after taking into account re-cycling;
  - (b) Provided that:
    - (i) immovable property may be sold only through a competitive bidding process except when the public interest or the plight of the poor demands otherwise and the disposal committee has unanimously agreed on an alternative method, in such a case reasons of different method must be recorded;
    - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
    - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment;
  - (c) Furthermore ensure that immovable property is alienated at market related values, except when the public interest or plight of the poor demands otherwise; and or

Non-current asset held for sale will be deleted in line with the updated Generally Recognised Accounting Practice Standard 100.

#### **2.4.15 Insurance policy**

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks

- (c) Identify all potential risks and enforce risk control measures
- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets.

No Proposed Amendments

#### **2.4.16 Deposit and refunds policy**

The policy deals with issues of consumer deposits and refunds has been developed.

The refunds include monies paid into the municipal bank account which must be for acceptable reasons be refunded.

No Proposed Amendments

#### **2.4.17 Proof of residence policy**

The policy will guide the operations in the issue of “Proof of Residence” has been developed. This policy will be applicable for formalised and non-formalised areas within the jurisdiction of City of Mbombela.

No Proposed Amendments

#### **2.4.18 Liquidity Policy**

The objective of the policy is to ensure liquidity management in so far as maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure.

No Proposed Amendments

#### **2.4.19 Recruitment, Selection and Induction Policy**

No Proposed Amendments

#### **2.4.20 Overtime Policy**

No Proposed Amendments

#### **2.4.21 Supplier Performance Policy**

No Proposed Amendments

#### **2.4.22 Payroll Policy**

No Proposed Amendments

#### **2.4.23 Fleet Management Policy**

No Proposed Amendments

#### **2.4.24 Asset Management Policy**

## **2.5**

### **OVERVIEW OF BUDGET FUNDING**

#### **2.5.6 Funding compliance measurement**

National Treasury requires that the City assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the City. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

#### **2.6.4 Funding Compliance measures**

The cash and cash equivalents as reflected on table A7 indicates that the City will have a positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R393 million, R455 million and R483 million for each year respectively.

#### **2.6.5 Cash and cash equivalent position**

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A "positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the City's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/2021 MTREF shows R393 million, R455 million and R483 million for each respective financial year.

#### **2.6.6 Cash plus investments less application of funds**

The purpose of this measure is to understand how the City has applied the available cash and investments as identified in the budgeted cash flow statement. The detail

reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### **2.6.7 Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the City be under financial setbacks/risk from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the City be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward. For the 2020/2021 MTREF the indicative outcome shows that the City will be able to have cash for 2,2 months, 2,4 months in 2021/2022 and increasing to 2,5 months in 2022/2023..

#### **2.6.8 Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the City's resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For 2020/2021 MTREF the indicative outcome is a surplus of R399 million, R581 million and R962 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### **2.6.9 Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the City is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### **2.6.10 Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine

the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95 per cent, 95. Percent and 95, percent for each of the respective financial years. Given that the assumed collection rate is based on a 95 percent performance target, the cash flow statement has been conservatively determined.

#### **2.6.11 Debt impairment expense as a percentage of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 5 percent in 2020/2021 decreased to 5 percent in 2021/2022 and 5 percent in 2022/2023.

#### **2.6.12 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The City aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### **2.6.13 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a City's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that no borrowing planned for the medium term.

#### **2.6.14 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

#### **2.6.15 Consumer debtors change (Current and Non-current)**

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors' accounts within 30 days.

## 2.6 BUDGET SUPPORTING TABLES

The 2020/2021 final budget supporting tables are enlisted below;

MP326 City of Mbombela - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates			686,311	911,986	705,495	705,495	705,495	596,784	792,082	855,449	923,885
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		-	220,176	280,267	63,135	63,135	63,135	48,534	71,026	76,709	82,845
Net Property Rates		-	466,134	631,719	642,360	642,360	642,360	548,250	721,056	778,740	841,040
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue			1,082,805	1,212,234	1,344,830	1,344,830	1,344,830	913,427	1,405,730	1,499,379	1,599,346
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>			135,591	138,279	142,727	142,727	142,727		150,239	157,751	165,639
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	74,907	78,849	82,999	82,999	82,999		87,367	91,736	96,323
Net Service charges - electricity revenue		-	872,307	995,106	1,119,104	1,119,104	1,119,104	913,427	1,168,123	1,249,892	1,337,384
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue			170,075	189,292	199,468	199,468	199,468	87,768	204,074	215,392	224,992
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>			40,425	42,446	42,552	42,552	42,552		44,792	47,031	47,031
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	40,996	43,153	45,425	45,425	45,425		47,815	50,206	52,716
Net Service charges - water revenue		-	88,654	103,692	111,491	111,491	111,491	87,768	111,466	118,154	125,244
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue			70,003	64,673	67,814	67,814	67,814	19,506	71,234	73,849	75,435
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>			22,340	21,223	21,276	21,276	21,276		22,396	23,516	23,516
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	20,441	21,577	22,712	22,712	22,712		23,908	23,908	23,908
Net Service charges - sanitation revenue		-	27,222	21,873	23,826	23,826	23,826	19,506	24,930	26,426	28,012
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		-	114,805	136,018	146,200	146,200	146,200	108,477	156,592	165,822	175,599
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	14,079	14,861	15,643	15,643	15,643		16,466	17,290	18,154
Net Service charges - refuse revenue		-	100,727	121,157	130,556	130,556	130,556	108,477	140,125	148,533	157,445
<b>Other Revenue by source</b>											
Fuel Levy											
Other Revenue		-	36,720	54,264	53,432	54,340	54,340	43,500	71,443	73,176	75,014
Total 'Other' Revenue	1	-	36,720	54,264	53,432	54,340	54,340	43,500	71,443	73,176	75,014

EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	-	427,258	493,892	599,543	599,491	599,491	491,937	580,765	619,852	664,675
Pension and UIF Contributions		-	87,843	99,428	112,920	112,920	112,920	93,028	118,558	126,257	135,516
Medical Aid Contributions		-	37,920	40,403	51,613	51,613	51,613	37,582	46,349	49,593	53,313
Overtime		-	92,155	119,784	110,569	110,569	110,569	97,436	110,682	117,596	125,657
Performance Bonus		-	34,328	39,662	29,821	29,821	29,821	32,789	36,711	39,281	42,227
Motor Vehicle Allowance		-	43,011	49,767	57,900	57,900	57,900	44,502	53,398	57,136	61,421
Cellphone Allowance		-	4,807	5,237	6,397	6,397	6,397	5,137	5,776	6,180	6,644
Housing Allowances		-	3,331	3,902	4,355	4,355	4,355	4,789	6,102	6,529	7,019
Other benefits and allowances		-	28,334	33,392	37,364	37,364	37,364	32,348	50,381	53,908	57,951
Payments in lieu of leave		-	6,251	9,117	-	-	-	1,178	1,126	1,205	1,295
Long service awards											
Post-retirement benefit obligations	4	-	28,469	42,366	-	-	-	31,848	21,408	25,906	30,485
sub-total	5	-	793,706	936,949	1,010,483	1,010,430	1,010,430	872,574	1,031,256	1,103,443	1,186,202
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	-	793,706	936,949	1,010,483	1,010,430	1,010,430	872,574	1,031,256	1,103,443	1,186,202
<u>Depreciation &amp; asset impairment</u>											
Depreciation of Property, Plant & Equipment		-	501,707	505,340	544,578	514,529	514,529	422,189	515,314	525,620	546,645
Lease amortisation		-	1,167	1,241	1,006	969	969	1,026	1,253	1,278	1,329
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	-	502,874	506,580	545,585	515,498	515,498	423,215	516,567	526,898	547,974
<u>Bulk purchases</u>											
Electricity Bulk Purchases		-	666,786	708,307	792,241	725,519	725,519	647,226	781,450	822,085	895,251
Water Bulk Purchases		-	40,026	37,993	47,221	25,657	25,657	11,946	49,346	51,616	53,991
Total bulk purchases	1	-	706,812	746,300	839,462	751,176	751,176	659,172	830,796	873,701	949,241
<u>Transfers and grants</u>											
Cash transfers and grants		-	30,189	39,791	29,009	2,085	2,085	770	1,300	700	700
Non-cash transfers and grants		-	1,723	413	3,661	4,406	4,406	4,311	780	620	620
Total transfers and grants	1	-	31,912	40,205	32,670	6,490	6,490	5,081	2,080	1,320	1,320
<u>Contracted services</u>											
Outsourced Services		-	179,051	185,076	169,943	175,125	175,125	124,649	120,045	108,040	90,517
Consultants and Professional Services		-	206,175	276,623	155,346	233,073	233,073	204,645	135,411	121,870	103,589
Contractors		-	133,628	165,817	81,534	92,444	92,444	63,950	59,804	51,574	45,155
Total contracted services		-	518,854	627,515	406,824	500,642	500,642	393,244	315,260	281,484	239,261
<u>Other Expenditure By Type</u>											
Collection costs		-	-	-	-	49	49	49	50	45	41
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Audit fees		-	6,144	8,061	4,471	3,007	3,007	2,396	5,000	4,500	4,050
Other Expenditure		-	233,905	235,998	159,704	190,300	190,300	138,721	158,370	142,533	128,280
Total 'Other' Expenditure	1	-	240,049	244,059	164,175	193,355	193,355	141,166	163,420	147,078	132,370
<u>Repairs and Maintenance</u>											
Employee related costs	8	-	-	-	-	-	-	-	-	-	-
Other materials		-	4,107	270	5,731	3,481	3,481	3,143	3,220	2,898	2,463
Contracted Services		-	4,229	3,632	8,926	6,366	6,366	2,467	58,419	52,577	43,374
Other Expenditure		-	33,232	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	-	41,568	3,902	14,657	9,847	9,847	5,609	61,639	55,475	45,837

MP326 City of Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Council	Vote 02 - Office Of Council	Vote 03 - Municipal Manager	Vote 04 - City Planning And Development	Vote 05 - Corporate Services Department	Vote 06 - Strategic Management Services	Vote 07 - Financial Management	Vote 08 - Legal Services	Vote 09 - Regional Centre Coordination	Vote 10 - Community Services	Vote 11 - Public Works, Roads And	Vote 12 - Public Safety	Vote 13 - Water And Sanitation	Vote 14 - Energy	Vote 15 - Other	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates		-	-	-	-	-	-	721,056	-	-	-	-	-	-	-	-	721,056
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	116	1,168,008	-	1,168,123
Service charges - water revenue		-	-	4,600	-	-	-	-	-	-	-	-	-	106,866	-	-	111,466
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	24,930	-	-	24,930
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	140,125	-	-	-	-	-	140,125
Rental of facilities and equipment		-	-	2,151	1,518	480	-	-	-	-	1,458	-	763	-	-	-	6,371
Interest earned - external investments		-	-	-	-	-	-	5,413	-	-	0	-	-	-	-	-	5,413
Interest earned - outstanding debtors		-	-	-	-	-	-	36,651	-	-	-	-	-	-	-	-	36,651
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6	-	0	-	-	-	569	-	-	1	-	6,885	-	36	-	7,497
Licences and permits		-	-	-	29	-	-	-	-	-	-	-	4,450	-	-	-	4,479
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	513	1,400	5,742	16	-	34,236	-	-	555	-	88	28,893	2	-	71,443
Transfers and subsidies		-	-	-	-	-	-	120,587	-	-	139,369	4,244	-	391,558	145,674	-	801,432
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		6	513	8,151	7,289	496	-	918,512	-	-	281,507	4,244	12,187	552,363	1,313,720	-	3,098,986
<b>Expenditure By Type</b>																	
Employee related costs		9,096	17,360	41,986	55,779	70,726	27,103	129,952	774	5,457	275,952	89,078	159,936	95,334	52,723	-	1,031,256
Remuneration of councillors		45,011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,011
Debt impairment		-	-	-	-	-	-	21,235	-	-	26,081	-	3,373	4,092	53,826	-	108,607
Depreciation & asset impairment		-	-	117,473	11	1,253	-	70,313	-	-	20,571	242,449	7,926	-	56,572	-	516,567
Finance charges		-	41	30	1,770	45	-	108	-	-	2,324	15,490	124	2,482	5,564	-	27,978
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	49,346	781,450	-	830,796
Other materials		741	591	605	545	305	355	4,780	30	160	7,420	5,570	4,423	4,775	7,160	-	37,460
Contracted services		1,525	190	12,020	14,785	15,596	530	28,061	3,000	4,550	88,959	47,563	19,372	63,230	15,879	-	315,260
Transfers and subsidies		-	150	50	800	500	200	-	-	30	-	-	350	-	-	-	2,080
Other expenditure		4,430	4,830	19,359	1,707	40,203	3,723	25,633	106	435	3,176	2,145	4,917	41,134	11,622	-	163,420
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		60,803	23,162	191,522	75,397	128,628	31,911	280,081	3,910	10,632	424,482	402,294	200,421	260,393	984,796	-	3,078,434
<b>Surplus/(Deficit)</b>		(60,798)	(22,650)	(183,371)	(68,108)	(128,132)	(31,911)	638,430	(3,910)	(10,632)	(142,976)	(398,050)	(188,234)	291,969	328,924	-	20,552
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-	-	333,883	-	-	44,461	-	378,344
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(60,798)	(22,650)	(183,371)	(68,108)	(128,132)	(31,911)	638,430	(3,910)	(10,632)	(142,976)	(64,167)	(188,234)	291,969	373,385	-	398,896

**MP326 City of Mbombela - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'**

Annual Report of the Council - Supporting table 6: Supporting detail to Budgeted Financial Position												
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand												
ASSETS												
Consumer debtors												
Consumer debtors	2	-	358,605	681,951	421,465	514,965	514,965	764,602	286,474	275,467	273,776	
Less: Provision for debt impairment		-	(99,995)	(383,015)	-	-	-	(420,669)	-	-	-	
Total Consumer debtors		-	258,610	298,936	421,465	514,965	514,965	343,934	286,474	275,467	273,776	
Debt impairment provision												
Balance at the beginning of the year		-	(297,741)	(117,143)	-	-	-	(191,922)	-	-	-	
Contributions to the provision	-	180,597	(74,778)	-	-	-	(120,779)	-	-	-		
Bad debts written off	-	17,149	(191,093)	-	-	-	(107,968)	-	-	-		
Balance at end of year	-	(99,995)	(383,015)	-	-	-	(420,669)	-	-	-		
Property, plant and equipment (PPE)												
PPE at cost/valuation (excl. finance leases)	3	-	11,398,436	12,023,263	6,607,661	6,729,960	6,729,960	12,422,548	6,751,041	6,773,172	7,056,329	
Leases recognised as PPE		-	7,005	8,070	550	550	550	8,254	-	-	-	
Less: Accumulated depreciation		-	4,209,642	4,837,920	(887,060)	(887,060)	(887,060)	5,258,342	(528,433)	(528,433)	(528,433)	
Total Property, plant and equipment (PPE)	2	-	7,195,800	7,193,413	7,495,271	7,617,570	7,617,570	7,172,460	7,279,474	7,301,605	7,584,762	
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)	5	-	62,976	56,019	29,971	29,971	29,971	39,546	41,168	41,168	41,168	
Current portion of long-term liabilities		-	62,976	56,019	29,971	29,971	29,971	39,546	41,168	41,168	41,168	
Total Current liabilities - Borrowing		-	62,976	56,019	29,971	29,971	29,971	39,546	41,168	41,168	41,168	
Trade and other payables												
Trade Payables		-	1,479,222	1,851,678	892,975	1,001,225	1,001,225	1,547,291	1,000,000	950,000	850,000	
Other creditors	-	-	13,659	-	-	-	14,902	-	-	-		
Unspent conditional transfers	-	148,708	101,913	-	-	-	297,398	-	-	-		
VAT	-	(26,529)	(12,833)	-	-	-	21,718	-	-	-		
Total Trade and other payables	2	-	1,601,401	1,954,417	892,975	1,001,225	1,001,225	1,881,308	1,000,000	950,000	850,000	
Non current liabilities - Borrowing												
Borrowing	4	-	242,010	213,180	207,730	207,730	207,730	203,722	207,730	175,361	139,755	
Finance leases (including PPP asset element)		-	1,410	234	-	-	-	234	-	-	-	
Total Non current liabilities - Borrowing		-	243,420	213,414	207,730	207,730	207,730	203,956	207,730	175,361	139,755	
Provisions - non-current												
Retirement benefits	1	-	144,779	163,513	-	-	-	180,725	-	-	-	
Refuse landfill site rehabilitation		-	153,913	171,392	321,087	1,143,163	1,143,163	171,392	321,087	327,508	330,784	
Other		-	53,791	67,752	-	-	-	35,041	-	-	-	
Total Provisions - non-current		-	352,483	402,657	321,087	1,143,163	1,143,163	387,158	321,087	327,508	330,784	
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)												
Accumulated Surplus/(Deficit) - opening balance	1	-	4,945,894	5,688,052	6,871,153	6,178,012	6,178,012	5,411,169	6,526,525	6,496,605	6,564,771	
GRAP adjustments		-	-	-	-	-	-	-	-	-	-	
Restated balance		-	4,945,894	5,688,052	6,871,153	6,178,012	6,178,012	5,411,169	6,526,525	6,496,605	6,564,771	
Surplus/(Deficit)		-	(184,490)	(199,583)	197,322	520,074	520,074	235,942	398,896	581,471	961,930	
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-	-	
Depreciation offsets		-	-	-	-	-	-	-	-	-	-	
Other adjustments		-	(86,614)	(77,300)	-	-	-	(1,429)	-	-	-	
Accumulated Surplus/(Deficit)		-	4,674,790	5,411,169	7,068,475	6,698,086	6,698,086	5,645,683	6,925,420	7,078,076	7,526,702	
Reserves												
Housing Development Fund	2	-	-	-	-	-	-	-	-	-	-	
Capital replacement		-	-	-	-	-	-	-	-	-	-	
Self-insurance		-	-	-	-	-	-	-	-	-	-	
Other reserves		-	-	-	-	-	-	-	-	-	-	
Revaluation		-	-	-	-	-	-	-	-	-	-	
Total Reserves	2	-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2	-	4,674,790	5,411,169	7,068,475	6,698,086	6,698,086	5,645,683	6,925,420	7,078,076	7,526,702	

**MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	886,749	1,000,130	1,119,034	1,119,034	1,119,034	1,313,720	1,410,998	1,510,814	
WATER AND SANITATION				–	119,648	120,718	130,824	130,824	130,824	552,363	599,712	648,451	
PUBLIC SAFETY				–	44,715	54,074	8,565	206,781	206,781	12,187	12,187	12,187	
PUBLIC WORKS, ROADS AND TRANSPORT				–	140,952	146,202	5,836	5,836	5,836	4,244	–	–	
COMMUNITY SERVICES				–	106,456	130,990	133,002	133,202	133,202	281,507	303,436	326,539	
REGIONAL CENTRE COORDINATION				–	–	–	–	–	–	–	–	–	
LEGAL SERVICES				–	–	–	–	–	–	–	–	–	
FINANCIAL MANAGEMENT				–	1,158,232	1,373,106	1,428,589	1,458,097	1,458,097	918,512	989,312	1,062,887	
STRATEGIC MANAGEMENT SERVICES				–	–	–	–	–	–	–	–	–	
CORPORATE SERVICES DEPARTMENT				–	1,857	659	658	658	658	496	496	496	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	13,005	11,848	28,151	9,391	9,391	7,289	7,289	7,289	
MUNICIPAL MANAGER				–	6,349	8,150	9,248	9,248	9,248	8,151	6,290	7,146	
OFFICE OF COUNCIL				–	–	–	653	653	653	513	513	513	
COUNCIL				–	(6)	(2)	6	6	6	6	6	6	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	–	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	3,098,986	3,330,238	3,576,327

**MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
ENERGY				–	793,890	909,903	942,942	865,837	865,837	984,796	1,031,225	1,015,188	
WATER AND SANITATION				–	367,349	390,587	344,726	329,704	329,704	260,393	257,552	254,952	
PUBLIC SAFETY				–	181,813	209,690	275,944	340,086	340,086	200,421	204,284	205,726	
PUBLIC WORKS, ROADS AND TRANSPORT				–	239,038	443,127	408,461	364,391	364,391	402,294	406,612	453,582	
COMMUNITY SERVICES				–	465,098	510,216	472,771	515,524	515,524	424,482	438,505	425,384	
REGIONAL CENTRE COORDINATION				–	20,019	28,952	22,445	36,879	36,879	10,632	10,500	10,263	
LEGAL SERVICES				–	5,444	9,949	2,623	16,057	16,057	3,910	3,650	3,294	
FINANCIAL MANAGEMENT				–	263,221	402,761	244,260	222,184	222,184	280,081	283,886	338,821	
STRATEGIC MANAGEMENT SERVICES				–	32,357	36,395	41,498	40,015	40,015	31,911	33,297	35,018	
CORPORATE SERVICES DEPARTMENT				–	197,741	158,055	163,338	163,859	163,859	128,628	130,890	133,708	
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	308,603	74,111	118,333	112,739	112,739	75,397	76,957	113,759	
MUNICIPAL MANAGER				–	93,259	221,688	113,003	108,798	108,798	191,522	193,600	198,313	
OFFICE OF COUNCIL				–	22,092	25,280	28,706	25,160	25,160	23,162	23,763	24,613	
COUNCIL				–	119,545	54,494	70,876	81,906	81,906	60,803	63,021	65,409	
Allocations to other priorities													
Total Expenditure				1	–	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	3,078,434	3,157,742	3,278,029

**MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
ENERGY				–	19,551	601	51,510	52,410	52,410	60,461	52,000	58,000
WATER AND SANITATION				–	39,883	25,174	108,674	158,220	158,220	82,100	65,000	320,270
PUBLIC SAFETY				–	333	–	200	5,902	5,902	–	–	–
PUBLIC WORKS, ROADS AND TRANSPORT				–	37,918	105,530	455,498	537,126	537,126	280,383	326,975	352,362
COMMUNITY SERVICES				–	915	2,600	8,900	8,917	8,917	5,500	3,500	–
REGIONAL CENTRE COORDINATION				–	163	404	1,400	1,389	1,389	400	–	–
FINANCIAL MANAGEMENT				–	6,007	17,171	14,000	1,623	1,623	4,000	–	–
STRATEGIC MANAGEMENT SERVICES				–	306	–	–	–	–	–	–	–
CORPORATE SERVICES DEPARTMENT				–	1,721	955	23,900	7,782	7,782	3,100	–	–
CITY PLANNING AND DEVELOPMENT DEPARTMENT				–	(6,675)	746	18,000	345	345	2,500	10,000	10,000
MUNICIPAL MANAGER				–	–	–	–	–	–	–	–	–
OFFICE OF COUNCIL				–	–	–	280	830	830	–	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	–	100,123	153,181	682,362	774,543	774,543	438,444	457,475	740,632

**MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b><u>Borrowing Management</u></b>											
<b><u>Credit Rating</u></b>			Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za	Baa1 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.4%	3.7%	2.3%	2.3%	2.3%	1.7%	1.5%	1.4%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	4.4%	6.3%	3.5%	3.2%	3.2%	2.5%	2.0%	1.8%	1.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex.cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.3	0.3	0.7	0.8	0.8	0.4	0.8	0.9	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.5
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	84.5%	85.0%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	84.5%	84.9%	95.0%	96.7%	96.7%	116.9%	95.7%	95.5%	95.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	13.8%	14.8%	21.0%	22.6%	22.6%	22.1%	16.8%	15.5%	14.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		40.0%	42.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Creditors to Cash and Investments		0.0%	1575.3%	1469.0%	1030.0%	675.6%	675.6%	1044.0%	254.7%	208.8%	175.8%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		119135524	128004811	121604570.5	121604570.5	121604570.5	121604570.5	119172479	109638680.7	103060359.9
	Total Cost of Losses (Rand '000)		106,031	121,605	115,524	115,524	115,524	115,524	113,214	104,157	97,907
	% Volume (units purchased and generated less units sold)/units purchased and generated		16.0%	17.1%	12.1%	12.1%	12.1%	12.1%	10.0%	8.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)		1,015	1,426	1,355	1,355	1,355	1,355	1,287	1,248	1,223
	Total Cost of Losses (Rand '000)		4731946	6955440	6607668	6607668	6607668	6607668	6277284.6	6088966.062	5967186.741
	% Volume (units purchased and generated less units sold)/units purchased and generated		20.5%	25.2%	20.2%	20.2%	20.2%	20.2%	15.5%	12.0%	10.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	32.0%	32.9%	35.3%	32.9%	32.9%	34.9%	33.3%	33.1%	33.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	33.6%	34.3%	36.8%	34.8%	34.8%		34.7%	34.6%	34.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	1.7%	0.1%	0.5%	0.3%	0.3%		2.0%	1.7%	1.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	23.0%	21.0%	20.6%	18.3%	18.3%	17.5%	17.6%	16.6%	15.9%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	23.9	32.6	29.8	29.8	29.8	29.7	38.0	39.9	42.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	21.6%	22.2%	29.5%	34.1%	34.1%	32.7%	23.9%	22.2%	20.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	0.5	0.5	0.4	0.7	0.7	0.8	1.9	2.2	2.2

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	-	119,394	119,394	119,394	119,394	119,394	119,394	119,394	119,394
		Piped water inside yard (but not in dwelling)	-	25,123	25,123	25,123	25,123	25,123	25,123	25,123	25,123
	8	Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>		144,517	144,517	144,517	144,517	144,517	144,517	144,517	144,517
	9	Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
		<i>Below Minimum Service Level sub-total</i>	-	36,849	36,849	36,849	36,849	36,849	36,849	36,849	36,849
		<b>Total number of households</b>	-	181,366	181,366	181,366	181,366	181,366	181,366	181,366	181,366
		<b>Sanitation/sewerage:</b>									
		Flush toilet (connected to sewerage)	-	74,171	74,171	81,588	81,588	81,588	89,747	89,747	89,747
		Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	-	114,164	114,164	102,748	102,748	102,748	92,473	78,602	78,602
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	-	188,335	188,335	184,336	184,336	184,336	182,220	168,349	168,349
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
		No toilet provisions	-	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
		<i>Below Minimum Service Level sub-total</i>	-	17,801	17,801	17,801	17,801	17,801	17,801	17,801	17,801
		<b>Total number of households</b>	-	206,136	206,136	202,137	202,137	202,137	200,021	186,150	186,150
		<b>Energy:</b>									
		Electricity (at least min.service level)	-	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	-	190,065	190,065	209,072	209,072	209,072	229,979	252,977	278,274
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	16,071	16,071	16,071	16,071	16,071	16,071	16,071
		<i>Below Minimum Service Level sub-total</i>	-	-	16,071	16,071	16,071	16,071	16,071	16,071	16,071
		<b>Total number of households</b>	-	190,065	206,136	225,143	225,143	225,143	246,050	269,048	294,345
		<b>Refuse:</b>									
		Removed at least once a week	-	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
		<i>Minimum Service Level and Above sub-total</i>	-	64,027	64,027	64,027	64,027	64,027	64,027	64,027	64,027
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal refuse dump	-	133,170	133,170	133,170	133,170	133,170	133,170	133,170	133,170
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	8,939	8,939	8,939	8,939	8,939	8,939	8,939	8,939
		<i>Below Minimum Service Level sub-total</i>	-	142,109	142,109	142,109	142,109	142,109	142,109	142,109	142,109
		<b>Total number of households</b>	-	206,136	206,136	206,136	206,136	206,136	206,136	206,136	206,136

**MP326 City of Mbombela Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	93,903	126,051	86,698	148,202	148,202	148,202	392,553	454,988	483,367
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	3,546	110,981	250,424
Cash year end/monthly employee/supplier payments	18(1)b	3	–	0.5	0.5	0.4	0.7	0.7	0.8	1.9	2.2	2.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	(184,490)	(199,583)	197,322	520,074	520,074	235,942	398,896	581,471	961,930
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	14.5%	2.2%	(6.0%)	(6.0%)	(23.3%)	0.8%	1.2%	1.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	88.8%	85.1%	93.8%	95.0%	95.0%	125.6%	95.0%	95.0%	95.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	10.3%	10.3%	5.3%	4.9%	4.9%	5.2%	5.0%	5.0%	5.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	480.4%	297.5%	90.0%	79.4%	79.4%	153.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	24.0%	43.6%	15.6%	0.0%	(20.8%)	(25.1%)	(0.8%)	1.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(33.3%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.6%	0.1%	0.2%	0.1%	0.1%	0.9%	0.8%	0.8%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.2%	1.7%	4.7%	2.7%	2.7%	0.0%	2.7%	2.2%	4.1%
References												
1. Positive cash balances indicative of minimum compliance - subject to 2												
2. Deduct cash and investment applications (defined) from cash balances												
3. Indicative of sufficient liquidity to meet average monthly operating payments												
4. Indicative of funded operational requirements												
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
6. Realistic average cash collection forecasts as % of annual billed revenue												
7. Realistic average increase in debt impairment (doubtful debt) provision												
8. Indicative of planned capital expenditure level & cash payment timing												
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing												
10. Substantiation of National/Province allocations included in budget												
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)												
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection												
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection												
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			0.0%	20.5%	8.2%	0.0%	0.0%	(17.3%)	6.8%	7.2%	7.2%
% incr Property Tax	18(1)a			0.0%	35.5%	1.7%	0.0%	0.0%	(14.7%)	12.3%	8.0%	8.0%
% incr Service charges - electricity revenue	18(1)a			0.0%	14.1%	12.5%	0.0%	0.0%	(18.4%)	4.4%	7.0%	7.0%
% incr Service charges - water revenue	18(1)a			0.0%	17.0%	7.5%	0.0%	0.0%	(21.3%)	(0.0%)	6.0%	6.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	(19.6%)	8.9%	0.0%	0.0%	(18.1%)	4.6%	6.0%	6.0%
% incr Service charges - refuse revenue	18(1)a			0.0%	20.3%	7.8%	0.0%	0.0%	(16.9%)	7.3%	6.0%	6.0%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	1,555,044	1,873,547	2,027,337	2,027,337	2,027,337	1,677,428	2,165,701	2,321,746	2,489,124
Service charges			–	1,555,044	1,873,547	2,027,337	2,027,337	2,027,337	1,677,428	2,165,701	2,321,746	2,489,124
Property rates			–	466,134	631,719	642,360	642,360	642,360	548,250	721,056	778,740	841,040
Service charges - electricity revenue			–	872,307	995,106	1,119,104	1,119,104	1,119,104	913,427	1,168,123	1,249,892	1,337,384
Service charges - water revenue			–	88,654	103,692	111,491	111,491	111,491	87,768	111,466	118,154	125,244
Service charges - sanitation revenue			–	27,222	21,873	23,826	23,826	23,826	19,506	24,930	26,426	28,012
Service charges - refuse removal			–	100,727	121,157	130,556	130,556	130,556	108,477	140,125	148,533	157,445
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	9,878	11,676	8,464	8,464	8,464	5,074	6,371	6,371	6,371
Capital expenditure excluding capital grant funding			–	12,661	71,445	101,680	97,061	97,061	33,190	60,100	48,500	77,000
Cash receipts from ratepayers	18(1)a		–	1,502,938	1,720,438	1,992,466	2,217,149	2,217,149	2,217,149	2,177,730	2,326,719	2,487,045
Ratepayer & Other revenue	18(1)a		–	1,693,173	2,022,415	2,124,677	2,333,841	2,333,841	1,765,833	2,292,140	2,449,919	2,619,135
Change in consumer debtors (current and non-current)			288,957	341,183	79,653	180,031	273,531	273,531	131,479	(81,021)	(4,006)	5,520
Operating and Capital Grant Revenue	18(1)a		–	1,219,983	1,234,680	1,316,243	1,403,043	1,403,043	1,125,378	1,179,776	1,283,881	1,615,411
Capital expenditure - total	20(1)(vi)		–	100,123	153,181	682,362	774,543	774,543	399,875	438,444	457,475	740,632
Capital expenditure - renewal	20(1)(vi)		–	178	2,677	31,939	20,733	20,733		12,000	10,000	30,000
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										801,432	874,906	951,779
DoRA capital grants total MFY										378,344	408,975	663,632
Provincial operating grants												
Provincial capital grants												
District Municipality grants												

<b>DoRA operating</b>												
TOTAL OPEX GRANTS										801,432	874,906	951,779
										801,432	874,906	951,779
TOTAL CAPEXS GRANTS										378,344	408,975	663,632
										378,344	408,975	663,632
<b>Trend</b>												
Change in consumer debtors (current and non-current)				288,957	341,183	79,653	131,479	(81,021)	(4,006)	5,520	-	-
<b>Total Operating Revenue</b>				-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,098,986	3,330,238
<b>Total Operating Expenditure</b>				-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,078,434	3,157,742
<b>Operating Performance Surplus/(Deficit)</b>				-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	20,552	172,496
<b>Cash and Cash Equivalents (30 June 2012)</b>											392,553	298,298
<b>Revenue</b>												
% Increase in Total Operating Revenue					0.0%	14.8%	0.7%	7.3%	0.0%	(18.6%)	0.8%	7.5%
% Increase in Property Rates Revenue					0.0%	35.5%	1.7%	0.0%	0.0%	(14.7%)	12.3%	8.0%
% Increase in Electricity Revenue					0.0%	14.1%	12.5%	0.0%	0.0%	(18.4%)	4.4%	7.0%
% Increase in Property Rates & Services Charges					0.0%	20.5%	8.2%	0.0%	0.0%	(17.3%)	6.8%	7.2%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure					0.0%	11.8%	(6.5%)	(0.8%)	0.0%	(17.5%)	(4.5%)	2.6%
% Increase in Employee Costs					0.0%	18.0%	7.8%	(0.0%)	0.0%	(13.6%)	2.1%	7.0%
% Increase in Electricity Bulk Purchases					0.0%	6.2%	11.8%	(8.4%)	0.0%	(10.8%)	7.7%	5.2%
Average Cost Per Budgeted Employee Position (Remuneration)						480733.4202	184058.7967				186957.1336	
Average Cost Per Councillor (Remuneration)						0	0				0	
R&M % of PPE				0.0%	0.6%	0.1%	0.2%	0.1%	0.1%		0.8%	0.8%
Asset Renewal and R&M as a % of PPE				0.0%	1.0%	1.0%	3.0%	4.0%	4.0%		2.0%	2.0%
Debt Impairment % of Total Billable Revenue				0.0%	10.3%	10.3%	5.3%	4.9%	4.9%	5.2%	5.0%	5.0%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)				-	5,320	75,850	101,680	97,061	97,061	33,190	60,100	48,500
Borrowing (R'000)				-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)				-	87,462	81,736	580,682	677,482	677,482	366,685	378,344	408,975
Internally Generated funds % of Non Grant Funding				0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding				0.0%	94.3%	51.9%	85.1%	87.5%	87.5%	91.7%	86.3%	89.4%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)				-	100,123	153,181	682,362	774,543	774,543	399,875	438,444	457,475
Asset Renewal				-	29,299	32,419	223,557	333,448	333,448	333,448	105,000	118,075
Asset Renewal % of Total Capital Expenditure				0.0%	31.6%	20.6%	32.8%	43.1%	43.1%	83.4%	23.9%	25.8%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other				0.0%	88.8%	85.1%	93.8%	95.0%	95.0%	125.6%	95.0%	95.0%
Cash Coverage Ratio				-	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)											Baa1 za	
Capital Charges to Operating				0.0%	2.4%	3.7%	2.3%	2.3%	2.3%	1.7%	1.5%	1.4%
Borrowing Receipts % of Capital Expenditure				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)				-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	3,546	110,981
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)				0.0%	24.6%	23.8%	12.7%	11.5%	11.5%		12.6%	12.4%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue				-	2,477,958	2,845,876	2,864,567	3,073,731	3,073,731	2,502,159	3,098,986	3,330,238
Total Operating Expenditure				-	3,109,470	3,475,208	3,249,926	3,223,139	3,223,139	2,659,623	3,078,434	3,157,742
Surplus/(Deficit) Budgeted Operating Statement				-	(631,512)	(629,333)	(385,360)	(149,408)	(149,408)	(157,464)	20,552	172,496
Surplus/(Deficit) Considering Reserves and Cash Backing				-	(1,127,408)	(1,357,722)	(120,984)	(71,613)	(71,613)	(901,614)	3,546	110,981
MTREF Funded (1) / Unfunded (0)				15	1	0	0	0	0	0	1	1
MTREF Funded ✓ / Unfunded *				15	✓	*	*	*	*	*	✓	✓

**MP326 City of Mbombela - Supporting Table SA11 Property rates summary**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Valuation:</b>	1									
Date of valuation:				1/1/2000	1/1/2000					
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2							Yes		
Municipal/assistant valuer appointed? (Y/N)				Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)				Yes	Yes	Yes	Yes	NO	NO	NO
No. of assistant valuers (FTE)	3			No	No	No	No			
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)								Yes		
Implementation time of new valuation roll (mths)				Yes	Yes					
No. of properties	5							77,442	77,442	77,442
No. of sectional title values	5			80,586	80,586	80,586	80,586			
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers				2,549	2,549	2,549	2,549	2,625	2,625	2,625
No. of appeals by rate payers				130	130	130	130	141	141	141
No. of successful objections	8			2,145	2,145	2,145	2,145	2,555	2,555	2,555
No. of successful objections > 10%	8			1,286	1,286	1,286	1,286			
Supplementary valuation				-	-	-	-			
Public service infrastructure value (Rm)	5			52	52	52	52			
Municipality owned property value (Rm)				1,557	1,557	1,557	1,557			
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)								78,876	78,876	78,876
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)				1,039	1,039	1,039	1,039	78,876	78,876	78,876
Valuation reductions-public worship (Rm)				445	445	445	445			
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	1,484	1,484	1,484	1,484	157,753	157,753	157,753
Total value used for rating (Rm)	5			75,940	75,940	75,940	75,940			
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5			75,940	75,940	75,940	75,940			
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5			Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)				Yes	Yes			Yes		
Special rating area used? (Y/N)				Yes	Yes			Yes		
Phasing-in properties s21 (number)				No	No			No		
Rates policy accompanying budget? (Y/N)				no	no			no		
Fixed amount minimum value (R'000)				Yes	Yes			Yes		
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R '000)	6				705,495	705,495	705,495	721,056	778,740	841,040
Rate revenue expected to collect (R'000)	6				649,055	649,055	649,055	685,003	739,803	798,988
Expected cash collection rate (%)					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)					10,125	10,125	10,125	11,391	12,302	13,287
Rebates, exemptions - pensioners (R'000)					5,063	5,063	5,063	5,696	6,151	6,643
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)					47,947	47,947	47,947	53,940	58,255	62,915
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptns, reductns, discs (R'000)</b>		-	-	-	63,135	63,135	63,135	71,026	76,709	82,845

MP326 City of Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/nts	Public benefit organs.	Mining Props.
<b>Current Year 2019/20</b>																	
<b>Valuation:</b>																	
No. of properties		69,288	3,271		4,371	680	1,632	457	571							30	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		1,706	7	372	280	42	6	83	53								
No. of appeals by rate-payers		76		50	4												
No. of appeals by rate-payers finalised																	
No. of successful objections	5	1,487	6	290	226	6	3	80	47								
No. of successful objections > 10%	5	1,046	5	141	46	36	3	3	6								
Estimated no. of properties not valued																	
Years since last valuation (select)		1															
Frequency of valuation (select)		5															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr.															
Phasing-in properties s21 (number)		none															
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)		52															
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		1,039															
Valuation reductions-public worship (Rm)		445															
Valuation reductions-other (Rm)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6	39,267	19,166		11,623	5,358			229								297
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6	39,267	19,166		11,623	5,358			229								297
<b>Rating:</b>																	
Average rate	3	0.006920	1.557000		0.017300	2.076000			1.038000							0.017300	
Rate revenue budget (R '000)		289,217	300,595		20,108	92,689			2,372							514	
Rate revenue expected to collect (R'000)		266,079	276,547		18,500	85,274			2,182							473	
Expected cash collection rate (%)	4	95.0%	95.0%		95.0%	95.0%			95.0%							95.0%	
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		10,125															
Rebates, exemptions - pensioners (R'000)		5,063															
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		47,947															
Phase-in reductions/discounts (R'000)																	
<b>Total rebates,exemptns,reductns,discs (R'000)</b>																	

MP326 City of Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/Its	Public benefit organs.	Mining Props.
<b>Budget Year 2020/21</b>																	
<b>Valuation:</b>																	
No. of properties		67,236	490	2,692	4,244	811	1,407	469	582							27	
No. of sectional title property values		4,578	101	551													
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		1,927	7	368	281	42											
No. of appeals by rate-payers		78		57	6												
No. of appeals by rate-payers finalised		54		16	6												
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		2															
Frequency of valuation (select)		5															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr.															
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)		Yes															
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/v. variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)		439															
Valuation reductions-other (Rm)	2	1,078															
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3	0.073350	1.650400	1.650400	0.018340	2.200600	-	0.018340	0.01100							0.018340	
Rate revenue budget (R'000)		291,660		318,665	21,056	133,762	-	102	1,740							537	
Rate revenue expected to collect (R'000)		268,327	-	293,172	19,372	123,061	-	94	1,600							494	
Expected cash collection rate (%)	4	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%							92.0%	
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		13,096															
Rebates, exemptions - pensioners (R'000)		359															
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		46,736															
Phase-in reductions/discouts (R'000)																	
Total rebates,exemptns,eductns,discs (R'000)																	

**MP326 City of Mbombela - Supporting Table SA14 Household bills**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates			323.50	344.20	344.20	344.20	344.20	8.0%	371.74	401.47	433.59
Electricity: Basic lev y			–	–							
Electricity: Consumption			1,469.41	1,500.56	1,602.60	1,602.60	1,602.60	10.1%	1,762.86	1,889.78	2,078.76
Water: Basic lev y			99.86	101.95	108.88	108.88	108.88	8.0%	117.60	127.00	137.16
Water: Consumption			465.41	501.72	528.31	528.31	528.31	8.0%	570.57	616.22	665.51
Sanitation			149.95	161.64	170.21	170.21	170.21	8.0%	183.82	198.53	214.41
Refuse removal			164.32	177.14	186.53	186.53	186.53	8.0%	201.45	217.56	234.97
Other			–	–	–	–	–	–			
<b>sub-total</b>		–	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
VAT on Services											
<b>Total large household bill:</b>		–	2,672.44	2,787.20	2,940.72	2,940.72	2,940.72	9.1%	3,208.03	3,450.57	3,764.41
<b>% increase/-decrease</b>			–	4.3%	5.5%	–	–		9.1%	7.6%	9.1%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates			219.14	233.17	233.17	233.17	233.17	8.0%	251.82	271.97	293.73
Electricity: Basic lev y			–	–							
Electricity: Consumption			635.47	648.81	692.93	692.93	692.93	10.1%	762.22	815.58	897.14
Water: Basic lev y			99.86	101.95	107.36	107.36	107.36	8.0%	115.94	125.22	135.24
Water: Consumption			368.45	397.19	418.24	418.24	418.24	8.0%	451.70	487.84	526.87
Sanitation			149.95	161.64	170.21	170.21	170.21	8.0%	183.82	198.53	214.41
Refuse removal			110.03	118.62	124.90	124.90	124.90	8.0%	134.90	145.69	157.34
Other			–	–				–			
<b>sub-total</b>		–	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
VAT on Services											
<b>Total small household bill:</b>		–	1,582.90	1,661.38	1,746.81	1,746.81	1,746.81	8.8%	1,900.41	2,044.82	2,224.72
<b>% increase/-decrease</b>			–	5.0%	5.1%	–	–		8.8%	7.6%	8.8%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates			114.18	126.87	134.48	134.48	134.48	8.0%	145.24	156.86	169.41
Electricity: Basic lev y											
Electricity: Consumption			380.04	422.27	488.14	488.14	488.14	10.1%	536.95	574.54	631.99
Water: Basic lev y								–			
Water: Consumption			306.85	340.94	361.06	361.06	361.06	8.0%	389.94	421.14	454.83
Sanitation			237.02	263.36	278.90	278.90	278.90	8.0%	301.21	325.31	351.33
Refuse removal			179.09	198.99	210.73	210.73	210.73	8.0%	227.59	245.80	265.46
Other								–			
<b>sub-total</b>		–	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
VAT on Services											
<b>Total small household bill:</b>		–	1,217.19	1,352.43	1,473.31	1,473.31	1,473.31	8.7%	1,600.94	1,723.64	1,873.03
<b>% increase/-decrease</b>			–	11.1%	8.9%	–	–		8.7%	7.7%	8.7%

**MP326 City of Mbombela - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans		–	242,007	213,177	207,730	207,730	207,730	207,730	175,361	139,755
Long-Term Loans (non-annuity)										
Local registered stock		–	3	3	–	–	–	–	–	–
Instalment Credit										
Financial Leases		–	1,410	234	–	–	–	–	–	–
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	–	243,420	213,414	207,730	207,730	207,730	207,730	175,361	139,755
<b>Entities</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	–	–	–	–	–	–	–	–	–
<b>Total Borrowing</b>	1	–	243,420	213,414	207,730	207,730	207,730	207,730	175,361	139,755

**MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	694,773	741,898	733,561	733,561	733,561	801,432	874,906	951,779
Local Government Equitable Share										
Equitable Share		–	608,678	661,329	725,225	725,225	725,225	794,688	872,206	948,979
Expanded Public Works Programme Integrated		–	5,650	8,240	5,836	5,836	5,836	4,244	–	–
Local Government Financial Management Grant		–	3,400	3,470	2,500	2,500	2,500	2,500	2,700	2,800
Municipal Demarcation Transition Grant		–	4,566	–	–	–	–	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Grant		–	53,885	68,859	–	–	–	–	–	–
Public Transport Network Operations Grant [Schedule 5B]		–	18,593	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	345	1,033	–	–	–	–	–	–
Injury on Duty		–	–	–	–	–	–	–	–	–
Municipal Demarcation Board		–	–	–	–	–	–	–	–	–
National Heritage Council South Africa		–	–	–	–	–	–	–	–	–
National Skills Fund		–	–	–	–	–	–	–	–	–
Social Relief		–	–	–	–	–	–	–	–	–
Unspecified		–	345	1,033	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	695,118	742,931	733,561	733,561	733,561	801,432	874,906	951,779
Capital Transfers and Grants										
National Government:		–	443,780	418,601	582,682	669,482	669,482	378,344	408,975	663,632
Energy Efficiency and Demand Side Management (EEDSM)		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	26,103	26,996	35,010	35,010	35,010	44,461	37,000	38,000
Municipal Infrastructure Grant		–	283,205	293,001	333,753	333,753	333,753	331,383	361,975	384,362
Municipal Water Infrastructure Grant		–	25,663	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	33,290	29,161	15,000	–	–	2,500	10,000	10,000
Public Transport Network Grant		–	–	69,444	198,919	300,719	300,719	–	–	231,270
Public Transport Network Operations Grant [Schedule 5B]		–	75,518	–	–	–	–	–	–	–
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	3,242	11,148	–	–	–	–	–	–
Limpopo Roads Agency		–	–	–	–	–	–	–	–	–
Unspecified		–	3,242	11,148	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	447,022	429,750	582,682	669,482	669,482	378,344	408,975	663,632
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	1,142,140	1,172,680	1,316,243	1,403,043	1,403,043	1,179,776	1,283,881	1,615,411

**MP326 City of Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>EXPENDITURE:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		-	410,112	457,996	397,283	360,236	360,236	802,692	876,040	1,001,390
Local Government Equitable Share										
Equitable Share		-	343,382	375,197	381,373	351,523	351,523	795,948	873,340	998,590
Expanded Public Works Programme Integrated Grant		-	5,513	8,240	5,887	4,337	4,337	4,244	-	-
Local Government Financial Management Grant		-	3,352	3,455	3,105	2,375	2,375	2,500	2,700	2,800
Municipal Demarcation Transition Grant		-	3,980	4,296	3,218	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	3,700	2,000	2,000	-	-	-
Public Transport Network Grant		-	53,885	66,809	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	1,033	515	-	-	-	-	-
Municipal Demarcation Board		-	-	-	-	-	-	-	-	-
Unspecified		-	-	1,033	515	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		-	410,112	459,029	397,798	360,236	360,236	802,692	876,040	1,001,390
<b><u>Capital expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		-	87,462	81,736	572,682	669,482	669,482	371,344	401,975	656,632
Expanded Public Works Programme Integrated Grant		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	19,129	(2,567)	27,010	37,010	37,010	37,461	30,000	31,000
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	51,506	103,748	331,753	331,753	331,753	331,383	361,975	384,362
Municipal Water Infrastructure Grant		-	8,178	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	(6,697)	(19,444)	15,000	-	-	2,500	10,000	10,000
Public Transport Network Grant		-	-	-	198,919	300,719	300,719	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	231,270
Water Services Infrastructure Grant		-	15,347	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	8,000	8,000	8,000	7,000	7,000	7,000
Developers Contribution		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	8,000	8,000	8,000	7,000	7,000	7,000
<b>Total capital expenditure of Transfers and Grants</b>		-	87,462	81,736	580,682	677,482	677,482	378,344	408,975	663,632
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	497,574	540,766	978,480	1,037,718	1,037,718	1,181,036	1,285,015	1,665,022

MP326 City of Mbombela - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		–	22,939	23,505	27,073	42,073	42,073	26,872	28,216	29,626
Pension and UIF Contributions		–	2,860	2,850	3,211	3,211	3,211	3,385	3,554	3,732
Medical Aid Contributions		–	612	637	687	687	687	629	661	694
Motor Vehicle Allowance		–	8,143	8,657	10,106	10,106	10,106	10,508	11,033	11,585
Cellphone Allowance		–	3,850	3,798	2,755	2,755	2,755	3,586	3,765	3,953
Housing Allowances										
Other benefits and allowances		–	17	19	32	32	32	31	32	34
<b>Sub Total - Councillors</b>		–	38,422	39,466	43,865	58,865	58,865	45,011	47,261	49,624
<b>% increase</b>	4		–	2.7%	11.1%	34.2%	–	(23.5%)	5.0%	5.0%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		–	13,436	17,653	69,226	69,226	69,226	3,227	3,453	3,712
Pension and UIF Contributions		–	472	213	672	672	672	291	311	334
Medical Aid Contributions		–	196	62	233	233	233	34	36	39
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	–	3,020	3,334	3,801	3,801	3,801	459	491	528
Cellphone Allowance	3	–	411	500	526	526	526	86	92	99
Housing Allowances	3									
Other benefits and allowances	3	–	250	170	55	55	55	0	0	0
Payments in lieu of leave		–	814	304	–	–	–	–	–	–
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		–	18,599	22,237	74,513	74,513	74,513	4,097	4,384	4,713
<b>% increase</b>	4		–	19.6%	235.1%	–	–	(94.5%)	7.0%	7.5%
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		–	413,822	476,238	530,317	530,264	530,264	577,538	616,399	660,963
Pension and UIF Contributions		–	87,371	99,215	112,248	112,248	112,248	118,268	125,947	135,182
Medical Aid Contributions		–	37,724	40,341	51,380	51,380	51,380	46,315	49,557	53,274
Overtime		–	92,155	119,784	110,569	110,569	110,569	110,682	117,596	125,657
Performance Bonus		–	34,328	39,662	29,821	29,821	29,821	36,711	39,281	42,227
Motor Vehicle Allowance	3	–	39,991	46,433	54,100	54,100	54,100	52,939	56,645	60,893
Cellphone Allowance	3	–	4,397	4,737	5,871	5,871	5,871	5,690	6,088	6,544
Housing Allowances	3	–	3,331	3,902	4,355	4,355	4,355	6,102	6,529	7,019
Other benefits and allowances	3	–	28,083	33,222	37,309	37,309	37,309	50,381	53,908	57,951
Payments in lieu of leave		–	5,437	8,813	–	–	–	1,126	1,205	1,295
Long service awards										
Post-retirement benefit obligations	6	–	28,469	42,366	–	–	–	21,408	25,906	30,485
<b>Sub Total - Other Municipal Staff</b>		–	775,107	914,712	935,970	935,918	935,918	1,027,158	1,099,060	1,181,489
<b>% increase</b>	4		–	18.0%	2.3%	(0.0%)	–	9.7%	7.0%	7.5%
<b>Total Parent Municipality</b>		–	832,128	976,416	1,054,347	1,069,295	1,069,295	1,076,266	1,150,705	1,235,826
			–	17.3%	8.0%	1.4%	–	0.7%	6.9%	7.4%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		–	832,128	976,416	1,054,347	1,069,295	1,069,295	1,076,266	1,150,705	1,235,826
<b>% increase</b>	4		–	17.3%	8.0%	1.4%	–	0.7%	6.9%	7.4%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	–	793,706	936,949	1,010,483	1,010,430	1,010,430	1,031,256	1,103,443	1,186,202

**MP326 City of Mbombela - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	15		13	15		14	15		14
Other Managers	7	181	90		188	95		188	96	
Professionals		593	177	–	531	185	–	550	204	–
Finance		99	43		111	47		111	45	
Spatial/town planning		53	18		45	23		45	23	
Information Technology		12	1		15	–		15		
Roads		21	8		17	2		29	7	
Electricity		91	10		20	10		20	11	
Water		56	1		48	13		48	16	
Sanitation		–	–		–	–				
Refuse		9	2		11	2		12	3	
Other		252	94		264	88		270	99	
Technicians		1,059	408	–	1,517	521	–	1,267	474	–
Finance		214	83		200	71		226	76	
Spatial/town planning		56	22		50	17		50	17	
Information Technology		1	–		5	1		5	1	
Roads		43	24		32	19		36	19	
Electricity		81	24		40	21		40	27	
Water		39	26		62	31		62	34	
Sanitation		–	–		–	–				
Refuse		44	16		74	20		83	18	
Other		581	213		1,054	341		765	282	
Clerks (Clerical and administrative)		496	172		797	221		874	250	
Service and sales workers		296	91		–	–				
Skilled agricultural and fishery workers		–	–		–	–				
Craft and related trades		–	–		–	–				
Plant and Machine Operators		917	316		817	285		1,000	344	
Elementary Occupations		1,403	682		1,625	631		1,622	593	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>4,960</b>	<b>1,936</b>	<b>13</b>	<b>5,490</b>	<b>1,938</b>	<b>14</b>	<b>5,516</b>	<b>1,961</b>	<b>14</b>
<b>% increase</b>					10.7%	0.1%	7.7%	0.5%	1.2%	–
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10	<b>440</b>	<b>172</b>	<b>1</b>	<b>440</b>	<b>172</b>	<b>1</b>	<b>363</b>	<b>137</b>	<b>1</b>
Human Resources personnel headcount	8, 10	<b>178</b>	<b>74</b>	<b>1</b>	<b>178</b>	<b>74</b>	<b>1</b>	<b>172</b>	<b>71</b>	<b>1</b>

**MP326 City of Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure**

Description		Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																	
Property rates			60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	60,088	721,056	778,740	841,040
Service charges - electricity revenue			97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	97,344	1,168,123	1,249,892	1,337,384
Service charges - water revenue			9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	9,289	111,466	118,154	125,244
Service charges - sanitation revenue			2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	24,930	26,426	28,012
Service charges - refuse revenue			11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	11,677	140,125	148,533	157,445
Rental of facilities and equipment			531	531	531	531	531	531	531	531	531	531	531	531	6,371	6,371	6,371
Interest earned - external investments			451	451	451	451	451	451	451	451	451	451	451	451	5,413	5,413	5,413
Interest earned - outstanding debtors			3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	3,054	36,651	36,651	36,651
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			625	625	625	625	625	625	625	625	625	625	625	625	7,497	7,497	7,497
Licences and permits			373	373	373	373	373	373	373	373	373	373	373	373	4,479	4,479	4,479
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies			66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	66,786	801,432	874,906	951,779
Other revenue			5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	5,954	71,443	73,176	75,014
Gains			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,249	258,250	3,098,986	3,330,238	3,576,327
Expenditure By Type																	
Employee related costs			85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,938	85,933	1,031,256	1,103,443	1,186,202
Remuneration of councillors			3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	3,751	45,011	47,261	49,624
Debt impairment			9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	9,051	108,607	116,496	123,957
Depreciation & asset impairment			43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	43,047	516,567	526,898	547,974
Finance charges			2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,331	27,978	26,346	19,422
Bulk purchases			69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	69,233	830,796	873,701	949,241
Other materials			3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,122	3,121	37,460	33,714	28,657
Contracted services			26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,272	26,271	315,260	281,484	239,261
Transfers and subsidies			173	173	173	173	173	173	173	173	173	173	173	173	2,080	1,320	1,320
Other expenditure			13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,614	163,420	147,078	132,370
Losses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,524	3,078,434	3,157,742	3,278,029
Surplus/(Deficit)																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	378,344	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,254	398,896	581,471	961,930
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)			1	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,254	398,896	581,471	961,930

**MP326 City of Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description		Ref	Budget Year 2020/21											Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>																	
Vote 01 - Council			0	0	0	0	0	0	0	0	0	0	0	0	6	6	6
Vote 02 - Office Of Council			43	43	43	43	43	43	43	43	43	43	43	43	513	513	513
Vote 03 - Municipal Manager			679	679	679	679	679	679	679	679	679	679	679	679	8,151	6,290	7,146
Vote 04 - City Planning And Development Department			607	607	607	607	607	607	607	607	607	607	607	607	7,289	7,289	7,289
Vote 05 - Corporate Services Department			41	41	41	41	41	41	41	41	41	41	41	41	496	496	496
Vote 06 - Strategic Management Services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management			76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	76,543	918,512	989,312	1,062,887
Vote 08 - Legal Services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services			23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	23,459	281,507	303,436	326,539
Vote 11 - Public Works, Roads And Transport			28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	338,127	371,975	625,632
Vote 12 - Public Safety			1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	12,187	12,187	12,187
Vote 13 - Water And Sanitation			46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	46,030	552,363	599,712	648,451
Vote 14 - Energy			113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	1,358,181	1,447,998	1,548,814
Vote 15 - Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>			<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,777</b>	<b>289,778</b>	<b>3,477,330</b>	<b>3,739,213</b>	<b>4,239,959</b>
<b>Expenditure by Vote to be appropriated</b>																	
Vote 01 - Council			5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,065	60,803	63,021	65,409
Vote 02 - Office Of Council			1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	23,162	23,763	24,613
Vote 03 - Municipal Manager			15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,969	191,522	193,600	198,313
Vote 04 - City Planning And Development Department			6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,283	6,282	75,397	76,957	113,759
Vote 05 - Corporate Services Department			10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,719	10,718	128,628	130,890	133,708
Vote 06 - Strategic Management Services			2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,658	31,911	33,297	35,018
Vote 07 - Financial Management			23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,340	23,339	280,081	283,886	338,821
Vote 08 - Legal Services			326	326	326	326	326	326	326	326	326	326	326	326	3,910	3,650	3,294
Vote 09 - Regional Centre Coordination			886	886	886	886	886	886	886	886	886	886	886	886	10,632	10,500	10,263
Vote 10 - Community Services			35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,374	35,372	424,482	438,505	425,384
Vote 11 - Public Works, Roads And Transport			33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,525	33,524	402,294	406,612	453,582
Vote 12 - Public Safety			16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,702	16,701	200,421	204,284	205,726
Vote 13 - Water And Sanitation			21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,699	260,393	257,552	254,952
Vote 14 - Energy			82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	984,796	1,031,225	1,015,188
Vote 15 - Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>			<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,537</b>	<b>256,524</b>	<b>3,078,434</b>	<b>3,157,742</b>	<b>3,278,029</b>
<b>Surplus/(Deficit) before assoc.</b>			<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,254</b>	<b>398,896</b>	<b>581,471</b>	<b>961,930</b>
Taxation														-	-	-	-
Attributable to minorities														-	-	-	-
Share of surplus/ (deficit) of associate														-	-	-	-
<b>Surplus/(Deficit)</b>		<b>1</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,240</b>	<b>33,254</b>	<b>398,896</b>	<b>581,471</b>	<b>961,930</b>

MP326 City of Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																
Revenue - Functional																
Governance and administration		76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	76,828	921,934	992,734	1,066,309
Executive and council		62	62	62	62	62	62	62	62	62	62	62	62	738	738	738
Finance and administration		76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,766	76,767	921,195	991,995	1,065,571
Internal audit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community and public safety		748	748	748	748	748	748	748	748	748	748	748	748	8,975	8,975	8,975
Community and social services		71	71	71	71	71	71	71	71	71	71	71	71	853	853	853
Sport and recreation		97	97	97	97	97	97	97	97	97	97	97	97	1,160	1,160	1,160
Public safety		580	580	580	580	580	580	580	580	580	580	580	580	6,962	6,962	6,962
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	29,038	348,454	382,302	635,959
Planning and development		28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	28,603	343,240	377,088	630,745
Road transport		434	434	434	434	434	434	434	434	434	434	434	434	5,214	5,214	5,214
Environmental protection		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trading services		183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	183,164	2,197,968	2,355,203	2,528,716
Energy sources		113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	113,182	1,358,181	1,447,998	1,548,814
Water management		30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759	369,108	397,547	428,821
Waste water management		15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	15,932	191,186	208,234	226,554
Waste management		23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	23,291	279,494	301,424	324,526
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,777	289,778	3,477,330	3,739,213	4,239,959
Expenditure - Functional																
Governance and administration		51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,350	51,343	616,189	624,957	685,882
Executive and council		9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,933	9,930	119,195	123,103	127,814
Finance and administration		40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,546	40,543	486,551	491,648	548,241
Internal audit		870	870	870	870	870	870	870	870	870	870	870	870	10,443	10,207	9,827
Community and public safety		24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,619	24,617	295,429	299,754	299,989
Community and social services		4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	4,173	50,081	52,310	54,748
Sport and recreation		9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,553	9,552	114,629	115,081	114,749
Public safety		9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,988	9,987	119,852	121,040	118,645
Housing		906	906	906	906	906	906	906	906	906	906	906	905	10,866	11,323	11,847
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,132	35,130	421,582	484,172	579,808
Planning and development		8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,337	8,335	100,038	101,054	137,306
Road transport		26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,144	26,143	313,726	375,602	435,405
Environmental protection		652	652	652	652	652	652	652	652	652	652	652	651	7,819	7,517	7,097
Trading services		143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,605	143,602	1,723,254	1,725,431	1,687,262
Energy sources		82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	82,066	984,796	1,031,225	1,015,188
Water management		26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,269	26,268	315,225	314,362	314,198
Waste water management		9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	9,790	117,480	61,643	52,904
Waste management		25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	25,479	305,753	318,202	304,971
Other		1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,832	1,831	21,980	23,428	25,088
Total Expenditure - Functional		256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,537	256,524	3,078,434	3,157,742	3,278,029
Surplus/(Deficit) before assoc.		33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,254	398,896	581,471	961,930
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,240	33,254	398,896	581,471	961,930

**MP326 City of Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Corporate Services Department		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		333	333	333	333	333	333	333	333	333	333	333	333	4,000	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services		167	167	167	167	167	167	167	167	167	167	167	167	2,000	-	-
Vote 11 - Public Works, Roads And Transport		14,807	14,807	14,807	14,807	14,807	14,807	14,807	14,807	14,807	14,807	14,807	14,807	177,683	239,275	275,362
Vote 12 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water And Sanitation		3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	41,000	43,000	276,770
Vote 14 - Energy		2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	35,889	31,700	42,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	21,714	21,714	21,714	21,714	21,714	21,714	21,714	21,714	21,714	21,714	21,714	21,714	260,572	313,975	594,632
<b>Single-year expenditure to be appropriated</b>																
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - City Planning And Development Department		208	208	208	208	208	208	208	208	208	208	208	208	2,500	10,000	10,000
Vote 05 - Corporate Services Department		258	258	258	258	258	258	258	258	258	258	258	258	3,100	-	-
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		33	33	33	33	33	33	33	33	33	33	33	33	400	-	-
Vote 10 - Community Services		292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,500	-
Vote 11 - Public Works, Roads And Transport		8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	8,558	102,700	87,700	77,000
Vote 12 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water And Sanitation		3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	41,100	22,000	43,500
Vote 14 - Energy		2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	24,572	20,300	15,500
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	14,823	14,823	14,823	14,823	14,823	14,823	14,823	14,823	14,823	14,823	14,823	14,823	177,872	143,500	146,000
<b>Total Capital Expenditure</b>	2	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	438,444	457,475	740,632

MP326 City of Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Budget Year 2020/21														Medium Term Revenue and Expenditure Framework														
R thousand														Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23												
Capital Expenditure - Functional														1	625	625	625	625	625	625	625	625	625	7,500	-	-		
Governance and administration														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Executive and council														625	625	625	625	625	625	625	625	625	625	625	7,500	-	-	
Finance and administration														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internal audit														2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	31,000	23,500	8,000	
Community and public safety														1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000	15,500	-	
Community and social services														833	833	833	833	833	833	833	833	833	833	833	10,000	8,000	8,000	
Sport and recreation														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health														18,728	18,728	18,728	18,728	18,728	18,728	18,728	18,728	18,728	18,728	18,728	224,733	291,975	309,362	
Economic and environmental services														8,379	8,379	8,379	8,379	8,379	8,379	8,379	8,379	8,379	8,379	8,379	100,550	132,600	36,600	
Planning and development														10,349	10,349	10,349	10,349	10,349	10,349	10,349	10,349	10,349	10,349	10,349	124,183	159,375	272,762	
Road transport														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Environmental protection														14,601	14,601	14,601	14,601	14,601	14,601	14,601	14,601	14,601	14,601	14,601	175,211	142,000	423,270	
Trading services														5,038	5,038	5,038	5,038	5,038	5,038	5,038	5,038	5,038	5,038	5,038	60,461	52,000	58,000	
Energy sources														6,925	6,925	6,925	6,925	6,925	6,925	6,925	6,925	6,925	6,925	6,925	83,100	58,500	296,770	
Water management														2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	31,000	26,500	53,500	
Waste water management														54	54	54	54	54	54	54	54	54	54	54	650	5,000	15,000	
Waste management														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other														2	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	438,444	457,475	740,632
Total Capital Expenditure - Functional														30,945	30,945	30,945	30,945	30,945	30,945	30,945	30,945	30,945	30,945	30,945	30,945	371,344	401,975	656,632
Funded by:														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
National Government														-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government														-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality														583	583	583	583	583	583	583	583	583	583	583	7,000	7,000	7,000	
Transfers and subsidies - capital (monetary allocations) (National / Provincial)														31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	31,529	378,344	408,975	663,632	
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - capital														5,008	5,008	5,008	5,008	5,008	5,008	5,008	5,008	5,008	5,008	5,008	60,100	48,500	77,000	
Borrowing														36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	438,444	457,475	740,632	
Internally generated funds														36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	36,537	438,444	457,475	740,632	
Total Capital Funding																												

**MP326 City of Mbombela - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	51,799	52,485	51,258	52,485	51,251	50,125	50,125	45,458	47,895	53,845	51,286	128,577	686,591	727,786	775,453
Service charges - electricity revenue	82,581	84,582	81,255	85,479	86,458	88,785	86,458	81,526	80,522	84,583	91,529	188,475	1,122,233	1,210,789	1,298,844
Service charges - water revenue	6,815	8,855	8,597	8,529	8,754	7,855	8,958	6,785	7,854	7,429	6,858	20,834	108,123	115,791	124,739
Service charges - sanitation revenue	1,585	1,153	1,846	2,585	2,158	2,015	1,895	1,326	1,258	1,358	1,985	5,018	24,182	25,369	26,611
Service charges - refuse revenue	9,855	9,258	10,255	9,855	10,258	10,255	10,258	10,258	9,855	10,895	10,528	20,186	131,718	138,135	148,424
Rental of facilities and equipment	251	585	1,255	895	879	690	590	453	685	879	878	26,678	34,717	37,281	39,923
Interest earned - external investments	-	-	1,588	-	1,896	-	-	1,258	953	-	-	(282)	5,413	5,413	5,413
Interest earned - outstanding debtors	1,528	1,255	1,353	1,585	1,685	1,895	1,458	1,585	2,519	3,585	4,519	13,686	36,651	36,651	36,651
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	451	545	651	755	653	655	486	985	585	568	879	(3,089)	4,123	4,123	4,123
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	320,000	-	45,000	-	-	180,000	35,000	-	153,561	-	-	67,871	801,432	874,906	951,779
Other revenue	5,846	3,513	5,458	5,486	6,845	2,352	2,365	3,583	3,529	2,485	5,685	18,898	66,045	67,444	68,928
<b>Cash Receipts by Source</b>	<b>480,712</b>	<b>162,231</b>	<b>208,516</b>	<b>167,652</b>	<b>170,837</b>	<b>344,626</b>	<b>197,595</b>	<b>153,218</b>	<b>309,215</b>	<b>165,627</b>	<b>174,147</b>	<b>486,851</b>	<b>3,021,227</b>	<b>3,243,689</b>	<b>3,480,888</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	10,000	15,000	35,000	45,000	32,000	45,000	36,000	54,000	48,000	54,000	85,000	(80,656)	378,344	408,975	663,632
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(3,251)	(39,013)	(39,794)	(40,590)
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>487,460</b>	<b>173,980</b>	<b>240,265</b>	<b>209,401</b>	<b>199,586</b>	<b>386,375</b>	<b>230,344</b>	<b>203,967</b>	<b>353,964</b>	<b>216,376</b>	<b>255,896</b>	<b>402,944</b>	<b>3,360,557</b>	<b>3,612,870</b>	<b>4,103,931</b>
<b>Cash Payments by Type</b>															
Employee related costs	78,819	78,819	78,819	78,819	78,819	78,819	78,819	78,819	78,819	78,819	78,819	64,246	931,256	1,103,443	1,186,202
Remuneration of councillors	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	6,812	45,011	47,261	49,624
Finance charges	-	-	-	-	-	21,000	-	-	-	-	-	6,978	27,978	26,346	19,422
Bulk purchases - Electricity	-	100,452	65,845	61,258	55,685	61,258	63,583	61,528	62,845	66,845	62,585	119,565	781,450	822,085	895,251
Bulk purchases - Water & Sewer	-	4,528	4,898	5,125	4,860	4,363	4,896	4,896	4,986	4,599	4,860	1,336	49,346	51,616	53,991
Other materials	896	2,519	4,153	6,153	6,896	4,969	4,896	4,518	4,563	5,585	5,528	(13,214)	37,460	33,714	28,657
Contracted services	11,255	18,458	17,846	21,549	20,125	18,453	201,525	45,860	46,896	35,486	45,859	(223,051)	260,260	281,484	239,261
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1,125	1,326	1,358	1,453	1,845	1,653	1,235	1,525	2,154	3,528	4,528	(19,651)	2,080	1,320	1,320
Other expenditure	11,252	15,548	13,255	16,549	15,548	14,855	16,255	12,459	16,585	15,285	21,585	(5,752)	163,420	147,078	132,370
<b>Cash Payments by Type</b>	<b>106,819</b>	<b>225,123</b>	<b>189,646</b>	<b>194,378</b>	<b>187,251</b>	<b>208,841</b>	<b>374,680</b>	<b>213,078</b>	<b>220,320</b>	<b>213,618</b>	<b>227,236</b>	<b>(62,731)</b>	<b>2,298,261</b>	<b>2,514,348</b>	<b>2,606,098</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	10,000	23,500	26,800	35,000	42,000	52,000	55,000	55,000	65,000	55,000	68,000	(48,856)	438,444	457,475	740,632
Repayment of borrowing	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	(9,959)	17,515	18,407	19,410
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	361,987	361,987	560,205	709,411
<b>Total Cash Payments by Type</b>	<b>119,317</b>	<b>251,120</b>	<b>218,944</b>	<b>231,876</b>	<b>231,748</b>	<b>263,339</b>	<b>432,178</b>	<b>270,575</b>	<b>287,818</b>	<b>271,116</b>	<b>297,734</b>	<b>240,441</b>	<b>3,116,206</b>	<b>3,550,435</b>	<b>4,075,552</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>368,144</b>	<b>(77,141)</b>	<b>21,321</b>	<b>(22,475)</b>	<b>(32,162)</b>	<b>123,037</b>	<b>(201,834)</b>	<b>(66,609)</b>	<b>66,146</b>	<b>(54,740)</b>	<b>(41,838)</b>	<b>162,503</b>	<b>244,351</b>	<b>62,435</b>	<b>28,379</b>
Cash/cash equivalents at the monthly year begin:	148,202	516,346	439,205	460,526	438,051	405,888	528,925	327,091	260,482	326,628	271,888	230,050	148,202	392,553	454,988
Cash/cash equivalents at the monthly year end:	516,346	439,205	460,526	438,051	405,888	528,925	327,091	260,482	326,628	271,888	230,050	392,553	392,553	454,988	483,367

MP326 City of Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	60,599	106,082	357,996	378,227	378,227	295,794	312,900	260,362
Roads Infrastructure		–	34,692	66,981	235,083	245,230	245,230	181,083	216,900	142,362
Roads		–	24,492	64,644	231,583	234,055	234,055	165,383	209,700	117,362
Road Structures		–	9,892	5,014	3,000	6,250	6,250	3,700	7,200	25,000
Road Furniture		–	307	(2,677)	–	–	–	12,000	–	–
Capital Spares		–	–	–	500	4,925	4,925	–	–	–
Storm water Infrastructure		–	1,051	13,510	–	10,555	10,555	7,000	8,000	10,000
Drainage Collection		–	1,051	13,510	–	10,555	10,555	7,000	8,000	10,000
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	19,551	601	38,510	43,709	43,709	47,461	45,000	47,500
Power Plants										
HV Substations		–	–	–	6,000	4,653	4,653	10,000	12,400	12,500
HV Switching Station		–	–	–	5,170	8,893	8,893	–	10,000	16,000
HV Transmission Conductors		–	1,085	–	4,500	3,825	3,825	7,572	5,800	6,000
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	7,478	–	9,500	4,000	4,000	14,250	6,200	1,700
LV Networks		–	10,989	601	12,340	21,538	21,538	15,639	10,600	11,300
Capital Spares		–	–	–	1,000	800	800	–	–	–
Water Supply Infrastructure		–	2,499	17,699	57,674	50,203	50,203	46,600	22,000	23,500
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	5,765	5,765	4,000	–	8,500
Reservoirs		–	–	–	3,000	500	500	5,500	7,000	5,000
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	16,000	21,000	21,000	15,000	–	–
Bulk Mains		–	–	–	17,174	10,174	10,174	10,000	5,000	–
Distribution		–	–	17,699	21,500	11,678	11,678	12,100	10,000	10,000
Distribution Points		–	2,499	–	–	1,086	1,086	–	–	–
PRV Stations										
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	2,806	–	22,229	28,229	28,229	13,000	16,000	22,000
Pump Station		–	1,400	–	–	–	–	–	–	–
Reticulation		–	–	–	15,700	11,000	11,000	13,000	16,000	22,000
Waste Water Treatment Works		–	1,406	–	500	250	250	–	–	–
Outfall Sewers		–	–	–	6,029	15,479	15,479	–	–	–
Toilet Facilities		–	–	–	–	1,500	1,500	–	–	–
Capital Spares										
Solid Waste Infrastructure		–	–	7,291	3,500	100	100	650	5,000	15,000
Landfill Sites		–	–	–	3,500	100	100	650	5,000	15,000
Waste Transfer Stations		–	–	7,291	–	–	–	–	–	–
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										

Information and Communication Infrastructure	-	-	-	1,000	200	200	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	1,000	200	200	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	231	10,483	59,779	35,215	35,215	24,550	21,500	4,000
Community Facilities	-	231	9,492	44,779	35,015	35,015	24,550	21,500	4,000
Halls	-	-	-	23,200	15,578	15,578	19,050	18,000	4,000
Centres	-	-	746	-	345	345	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	26	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	183	144	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	3,000	2,700	2,700	5,500	3,500	-
Police	-	-	8,179	-	1,000	1,000	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	422	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	22	-	3,000	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	15,579	15,392	15,392	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	991	15,000	200	200	-	-	-
Indoor Facilities	-	-	-	15,000	200	200	-	-	-
Outdoor Facilities	-	-	950	-	-	-	-	-	-
Capital Spares	-	-	41	-	-	-	-	-	-
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	1,225	420	3,750	3,137	3,137	-	-	-
Operational Buildings	-	1,225	420	3,750	3,137	3,137	-	-	-
Municipal Offices	-	1,225	404	3,750	3,137	3,137	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	15	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	1,179	620	34,000	3,882	3,882	3,100	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	1,179	620	34,000	3,882	3,882	3,100	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	1,179	620	34,000	3,882	3,882	3,100	-	-
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	346	320	-	-	-	-	-	-
Computer Equipment	-	346	320	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	900	1,961	-	923	923	4,000	-	-
Furniture and Office Equipment	-	900	1,961	-	923	923	4,000	-	-
<b>Machinery and Equipment</b>	-	1,047	876	280	7,532	7,532	-	5,000	10,000
Machinery and Equipment	-	1,047	876	280	7,532	7,532	-	5,000	10,000
<b>Transport Assets</b>	-	5,297	-	3,000	12,180	12,180	6,000	-	3,500
Transport Assets	-	5,297	-	3,000	12,180	12,180	6,000	-	3,500
<b>Land</b>	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	-	70,824	120,762	458,805	441,095	441,095	333,444	339,400
									277,862

**MP326 City of Mbombela - Supporting Table SA34d Depreciation by asset class**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>	<b>1</b>									
<b><u>Depreciation by Asset Class/Sub-class</u></b>										
<b>Infrastructure</b>		–	401,093	408,531	423,365	398,069	398,069	417,580	425,931	474,336
Roads Infrastructure		–	221,504	238,363	213,079	199,376	199,376	242,449	247,298	330,991
Roads		–	221,504	238,363	108,193	99,000	99,000	242,449	247,298	330,991
Road Structures		–	–	–	69,924	66,917	66,917	–	–	–
Road Furniture		–	–	–	23,308	22,306	22,306	–	–	–
Capital Spares		–	–	–	11,654	11,153	11,153	–	–	–
Storm water Infrastructure		–	–	–	19,120	18,298	18,298	–	–	–
Drainage Collection		–	–	–	9,560	9,149	9,149	–	–	–
Storm water Conveyance		–	–	–	5,736	5,489	5,489	–	–	–
Attenuation		–	–	–	3,824	3,660	3,660	–	–	–
Electrical Infrastructure		–	64,694	54,618	67,747	63,525	63,525	56,583	57,715	17,589
Power Plants		–	64,694	–	16,937	16,208	16,208	–	–	–
HV Substations		–	–	–	9,485	9,077	9,077	11	11	12
HV Switching Station		–	–	–	7,452	7,132	7,132	–	–	–
HV Transmission Conductors		–	–	–	12,195	11,670	11,670	379	46,543	17,577
MV Substations		–	–	54,618	6,775	6,775	6,775	56,192	11,160	–
MV Switching Stations		–	–	–	5,420	5,187	5,187	–	–	–
MV Networks		–	–	–	6,097	4,235	4,235	–	–	–
LV Networks		–	–	–	3,387	3,242	3,242	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	70,673	74,534	75,784	71,234	71,234	76,828	78,365	81,500
Dams and Weirs		–	70,673	–	3,889	3,722	3,722	–	–	–
Boreholes		–	–	–	7,001	6,700	6,700	–	–	–
Reservoirs		–	–	–	15,557	14,888	14,888	–	–	–
Pump Stations		–	–	–	3,889	3,722	3,722	–	–	–
Water Treatment Works		–	–	–	23,335	20,985	20,985	–	–	–
Bulk Mains		–	–	–	4,667	4,466	4,466	–	–	–
Distribution		–	–	74,534	7,778	7,500	7,500	76,828	78,365	81,500
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	9,668	9,252	9,252	–	–	–
Sanitation Infrastructure		–	43,212	39,959	46,010	44,081	44,081	40,644	41,457	43,115
Pump Station		–	43,212	–	6,902	6,605	6,605	–	–	–
Reticulation		–	–	–	11,503	11,008	11,008	–	–	–
Waste Water Treatment Works		–	–	39,959	13,803	13,259	13,259	40,644	41,457	43,115
Outfall Sewers		–	–	–	13,803	13,209	13,209	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	1,010	1,057	1,625	1,555	1,555	1,075	1,097	1,141
Landfill Sites		–	1,010	1,057	1,625	1,555	1,555	1,075	1,097	1,141
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–	–	–
Piers		–	–	–	–	–	–	–	–	–
Revetments		–	–	–	–	–	–	–	–	–
Promenades		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b><u>Community Assets</u></b>		–	667	885	69,158	66,184	66,184	–	–	–

Community Facilities	–	667	885	69,158	66,184	66,184	–	–	–
Halls	–	667	–	5,254	5,028	5,028	–	–	–
Centres	–	–	–	61,340	58,702	58,702	–	–	–
Crèches	–	–	–	–	–	–	–	–	–
Clinics/Care Centres	–	–	–	409	392	392	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–
Testing Stations	–	–	–	–	–	–	–	–	–
Museums	–	–	–	–	–	–	–	–	–
Galleries	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Libraries	–	–	885	832	796	796	–	–	–
Cemeteries/Crematoria	–	–	–	1,322	1,266	1,266	–	–	–
Police	–	–	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	–	–	–
Public Open Space	–	–	–	–	–	–	–	–	–
Nature Reserves	–	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Stalls	–	–	–	–	–	–	–	–	–
Abattoirs	–	–	–	–	–	–	–	–	–
Airports	–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities	–	–	–	–	–	–	–	–	–
Outdoor Facilities	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
<b>Heritage assets</b>	–	–	–	–	–	–	–	–	–
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings	–	–	–	–	–	–	–	–	–
Works of Art	–	–	–	–	–	–	–	–	–
Conservation Areas	–	–	–	–	–	–	–	–	–
Other Heritage	–	–	–	–	–	–	–	–	–
<b>Investment properties</b>	–	2,112	2,112	2,586	2,474	2,474	2,148	2,191	–
Revenue Generating	–	2,112	2,112	2,586	2,474	2,474	2,148	2,191	–
Improved Property	–	2,112	–	1,293	1,237	1,237	–	–	–
Unimproved Property	–	–	2,112	1,293	1,237	1,237	2,148	2,191	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
<b>Other assets</b>	–	69,688	57,998	5,808	5,561	5,561	58,992	60,172	62,579
Operational Buildings	–	69,688	57,998	5,808	5,561	5,561	58,992	60,172	62,579
Municipal Offices	–	69,688	57,998	2,033	1,948	1,948	58,992	60,172	62,579
Pay/Enquiry Points	–	–	–	348	333	333	–	–	–
Building Plan Offices	–	–	–	290	278	278	–	–	–
Workshops	–	–	–	290	278	278	–	–	–
Yards	–	–	–	174	167	167	–	–	–
Stores	–	–	–	697	667	667	–	–	–
Laboratories	–	–	–	465	445	445	–	–	–
Training Centres	–	–	–	407	389	389	–	–	–
Manufacturing Plant	–	–	–	348	333	333	–	–	–
Depots	–	–	–	581	556	556	–	–	–
Capital Spares	–	–	–	174	167	167	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Staff Housing	–	–	–	–	–	–	–	–	–
Social Housing	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>	–	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Water Rights	–	–	–	–	–	–	–	–	–
Effluent Licenses	–	–	–	–	–	–	–	–	–
Solid Waste Licenses	–	–	–	–	–	–	–	–	–
Computer Software and Applications	–	1,167	1,241	1,006	969	969	1,253	1,278	1,329
Load Settlement Software Applications	–	–	–	–	–	–	–	–	–
Unspecified	–	–	–	–	–	–	–	–	–
<b>Computer Equipment</b>	–	4,685	4,161	4,118	4,000	4,000	4,242	4,327	4,500
Computer Equipment	–	4,685	4,161	4,118	4,000	4,000	4,242	4,327	4,500
<b>Furniture and Office Equipment</b>	–	4,767	4,848	7,146	6,927	6,927	4,931	5,029	5,231
Furniture and Office Equipment	–	4,767	4,848	7,146	6,927	6,927	4,931	5,029	5,231
<b>Machinery and Equipment</b>	–	–	7,788	7,406	7,133	7,133	7,926	8,084	–
Machinery and Equipment	–	–	7,788	7,406	7,133	7,133	7,926	8,084	–
<b>Transport Assets</b>	–	18,696	19,017	24,450	23,662	23,662	19,496	19,886	–
Transport Assets	–	18,696	19,017	24,450	23,662	23,662	19,496	19,886	–
<b>Land</b>	–	–	–	542	518	518	–	–	–
Land	–	–	–	542	518	518	–	–	–
<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
<b>Total Depreciation</b>	1	–	502,874	506,580	545,585	515,498	515,498	516,567	526,898

## **2.8 LEGISLATION COMPLIANCE STATUS**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities;

### **2.8.1 In-year reporting**

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

### **1.8.2 Internship program**

The City is participating in the Municipal Financial Management Internship program and has employed seven (6) interns undergoing training in various divisions of the Financial Management Department.

### **1.8.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **1.8.4 Audit Committee**

An Audit Committee has been established and is fully functional.

### **1.8.5 Service Delivery and Implementation Plan**

The detail Service Delivery Budget and Implementation Plan document is at a draft stage and will be finalised within 28 days after the tabling of the final 2020/21 – 2022/2023 Medium Term Revenue and Expenditure Framework on June 2020 directly aligned and will be informed by the 2020/2021 IDP and budget.

### **1.8.6 Annual Report**

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

### **1.8.7 Municipal Finance Management Act Training**

The MFMA training module in electronic format is presented at the City's internal center and training is ongoing.

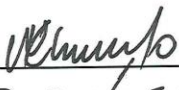
### **1.8.8 Policies**

All budget-related policies mentioned earlier above will be tabled together with the final budget before council on June 2020.

## 2.9 MUNICIPAL MANAGERS' QUALITY CERTIFICATION

I **Mr Wiseman Khumalo**, Municipal Manager of City of Mbombela, hereby certify that the final annual budget and supporting documentation for 2020/2021 - 2022/2023 have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Wiseman Khumalo  
Municipal Manager City of Mbombela

Signature   
Date 2020/05/14